

# COUNTY OF VICTORIA, TEXAS



## COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED  
DECEMBER 31, 2013

**COUNTY OF VICTORIA, TEXAS**  
*COMPREHENSIVE ANNUAL FINANCIAL REPORT*  
*For the year ended December 31, 2013*

Prepared by: County Auditor's Office  
Judy McAdams, CPA  
Victoria County Auditor

**COUNTY OF VICTORIA, TEXAS**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
*For the year ended December 31, 2013*

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## **INTRODUCTORY SECTION**







**Judy McAdams, CPA**  
**COUNTY AUDITOR**  
**VICTORIA COUNTY, TEXAS**

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Tel: (361)575-8451  
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June 26, 2014

Honorable District Judges  
Honorable County Judge  
Honorable County Commissioners  
County of Victoria  
Victoria, Texas

The County Auditor's Office is pleased to present the Comprehensive Annual Financial Report (CAFR) of the County of Victoria, Texas (the "County"), for the year ended December 31, 2013. This report is submitted in compliance with Texas Local Government Code 114.025.

Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the County. We believe the data, as presented, is accurate in all material aspects, that it is presented in a manner designed to fairly set forth the financial position and results of operations of the County as measured by the financial activity of its various funds, and that all disclosures necessary to enable the reader to gain the maximum understanding of the County's financial affairs have been included.

The County Auditor serves as the Chief Financial Officer for Victoria County. By statute, the Auditor reports to the State District Judges. This provides for an independent review of County financial operations separate from the Commissioner's Court, the legislative and executive branch of county government. The County Auditor is responsible for accounting systems design, audit functions required by law, general control of finances and ensuring that the County meets its fiduciary responsibilities to taxpayers with regard to County finances by strictly enforcing the statutes governing County finances as provided by the local government code. As an appointed County Official and as a Certified Public Accountant, the County Auditor takes an oath to uphold the Constitution and the laws of the State of Texas.

In developing and evaluating the County's accounting system, consideration is given to the adequacy of internal accounting controls. Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding the safeguarding of assets against loss from unauthorized use or disposition, and the reliability of financial records for preparing financial statements. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived, and the evaluation of costs and benefits requires estimates and judgments by management.

All internal control evaluations occur within the above framework. We believe that the County's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

In compliance with Texas Local Government Code 115.045, the financial statements and notes contained in this report have been audited by the independent auditors of Harrison, Waldrop and Uherek, L.L.P., a firm of licensed certified public accountants. The independent auditors' report is included in the Financial Section of this report.

When other accounting bases conflict with state law, Texas and its political subdivisions may follow the statutory provisions of Chapter 2264, Texas Government Code. Accordingly, in 2008 the County followed the statutory basis of accounting, which is an other comprehensive basis of accounting provided, but not mandated, by this statute. For the County, the only difference between generally accepted accounting principles ("GAAP") and the statutory basis of accounting is in the reporting of other postemployment benefits ("OPEB").

The statutory basis differs from GAAP in that the County's presentation of OPEB on the financial statements uses the statutory modified accrual basis. This basis accurately and fairly sets forth the financial position of the County by (i) measuring the cost of benefits according to their adoption by the governing body of the County; and by (ii) providing an accurate assessment of OPEB liabilities and extent of their funding for the time for which the benefits were adopted. Under GAAP, GASB Statement No. 45 ("GASB 45"), "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions" defines an OPEB liability to include amounts the governing body has not authorized nor promised to employees, and for which there is no legally enforceable liability. The County has concluded that recognizing an OPEB liability as defined by GASB 45 would result in publishing financial statements that are materially misleading. It would also be inconsistent with State financial laws and misrepresent the nature, scope, and duration of the financial activities of the County.

Management has provided a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of a Management's Discussion and Analysis ("MD&A"). The letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The MD&A can be found in the Financial Section of this report.

## **PROFILE OF VICTORIA COUNTY**

The County is located in southeastern Texas on the Coastal plain about midway between the southern and eastern extremities of the Texas Gulf Coast. The County was created in 1836 from a Mexican municipality named for Mexican President Guadalupe Victoria. The County encompasses an area of 892 square miles and serves a population of 90,028.

The County is a public corporation and political subdivision of the State of Texas. The general governing body of the County is the elected five-member Commissioners' Court in accordance with Article 5, Paragraph 18 of the Texas Constitution. Commissioners serve four-year staggered terms, two members elected every two years. The County Judge is elected at large to serve a four-year term.

The Commissioners' Court sets the tax rates, establishes policies for County operations, approves contracts for the County, and develops and adopts the County budget. The Commissioners' Court is also responsible for development of policies and orders, approving financial commitments, and appointment of various department heads. The management and leadership provided by members of the Commissioners' Court and the elected and appointed officials of other key County offices is crucial to the success of the County in financial management and growth.

The County provides a full range of services. The County provides many services not ordinarily provided by any other entity of government and provides additional services in cooperation with other local governmental units. A primary service is the administration of justice, which includes the civil and criminal county and district courts, justices of the peace, constables, district attorney, investigators, clerks of the courts, sheriff, jail, security, and emergency management and grand jury bailiffs. Other functions performed by the County include the construction and maintenance of roads and bridges, either independently or in cooperation with other entities; administration of public health services; assistance to indigents; and the provision of juvenile, health, education, and welfare services involving the care and correction of dependent or delinquent children as well as property tax collections for multiple agencies.

The annual budget serves as the foundation for the County's financial planning and control. Budget hearings are posted annually in July and August by the County Judge, with the final budget approved by the Commissioners' Court following the hearings. The final budget includes contingency line items. Most appropriated budgets are prepared by fund, department, and category. The level of budgetary control (the level at which expenditures cannot legally exceed the appropriated amount) is established at the line-item level within an individual fund. The original budget may be amended by Commissioners' Court under conditions prescribed by Texas Local Government Code, Section 111.010. Budget-to-actual comparisons are provided in this report for each governmental fund for which an appropriated budget has been adopted.

Various potential component units were evaluated to determine whether they should be included in the County's reporting entity because of the significance of their operational and financial relationship with the County. Based upon standards established by the Governmental Accounting Standards Board (see Note 1 to the financial statements), three component units have been included in this year's report: the Victoria County Navigation District, the Victoria County Child Welfare Board, and Citizens Medical Center. These entities are discretely presented and are not considered part of the primary government of the County. This reporting method was used because, while the entities are financially accountable to the County, they do not have substantively the same governing body as the County nor do they provide services exclusively to the County.

## **FACTORS AFFECTING FINANCIAL CONDITION**

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the County of Victoria operates.

**Local Economy** - The County is one of the leading regional economies in the seven-county Golden Crescent region. The County has developed into a primary business center with growth in services and retail employment. The County's principal economic activities include petrochemical and industrial chemical plants, plastics manufacturers, heavy steel fabrication, pre-stressed concrete, oil and gas exploration, medical services, professional and financial services, retail trade, and higher education. Although the oil and gas petrochemical industries remain a vital component of the area employment base, diversification within these industries into production of ancillary goods and plastics has reduced economic vulnerability to energy price fluctuations.

The County records reflect modest debt levels, rapid principal amortization, and acceptable reserve levels that have benefited from sound fiscal management practices. The County practices conservative budgeting and sets General Fund reserve targets at 15% to 25% of annual expenditures. In the past year, the County incurred an increase in the General Fund unassigned fund balance mainly as a result of increases in property tax revenue and sales tax revenue. The County's General Fund reserve target is based on the County's policy of deferring ad valorem property taxes. The resulting unassigned fund balance does not include \$6.1 million in ad valorem taxes collected in October, November, and December of 2013, and are instead reported as unavailable revenues.

Honorable District Judges  
Honorable County Judge  
Honorable County Commissioners  
County of Victoria

June 26, 2014

**Long-Term Financial Planning** - The County of Victoria has identified several long-term issues that need to be prioritized and funded by the Commissioners' Court. These priorities include adding additional courtrooms for the increasing caseload of jury trials and purchasing new property to build Justice of the Peace Offices for those locations that are currently being rented. The County is also installing a new water and sewer system at the Airport, with some grant assistance.

**Cash Management** - The Commissioners' Court has adopted a formal investment policy for the County consistent with State statutes governing the investment of County funds and has designated the County Treasurer as the County's investment officer. The policy is updated annually. The general objectives set forth in the policy provide for financial security and optimum liquidity of County funds while achieving the maximum yield on funds invested and maximum levels of invested funds. Authorized investments are consistent with those investments authorized by State law for Texas counties. Currently, the County has limited its investments to certificates of deposits and money market funds.

**Risk Management** - The County has risk exposure in various areas including general liability, worker's compensation, automobile liability, and property damage. To reduce its risk exposure in these areas, the County purchases commercial insurance policies from a private carrier. The related policies carry various deductibles and aggregate maximum loss totals.

The County is also exposed to risk of loss in the area of employee health coverage. In this area, the County bears all risk of loss up to \$85,000 per participant per year. Co-insurance through a private insurance carrier assumes all risk for individual participants past that level. Please refer to the notes to the financial statements for a complete discussion of the County's employee health insurance operations.

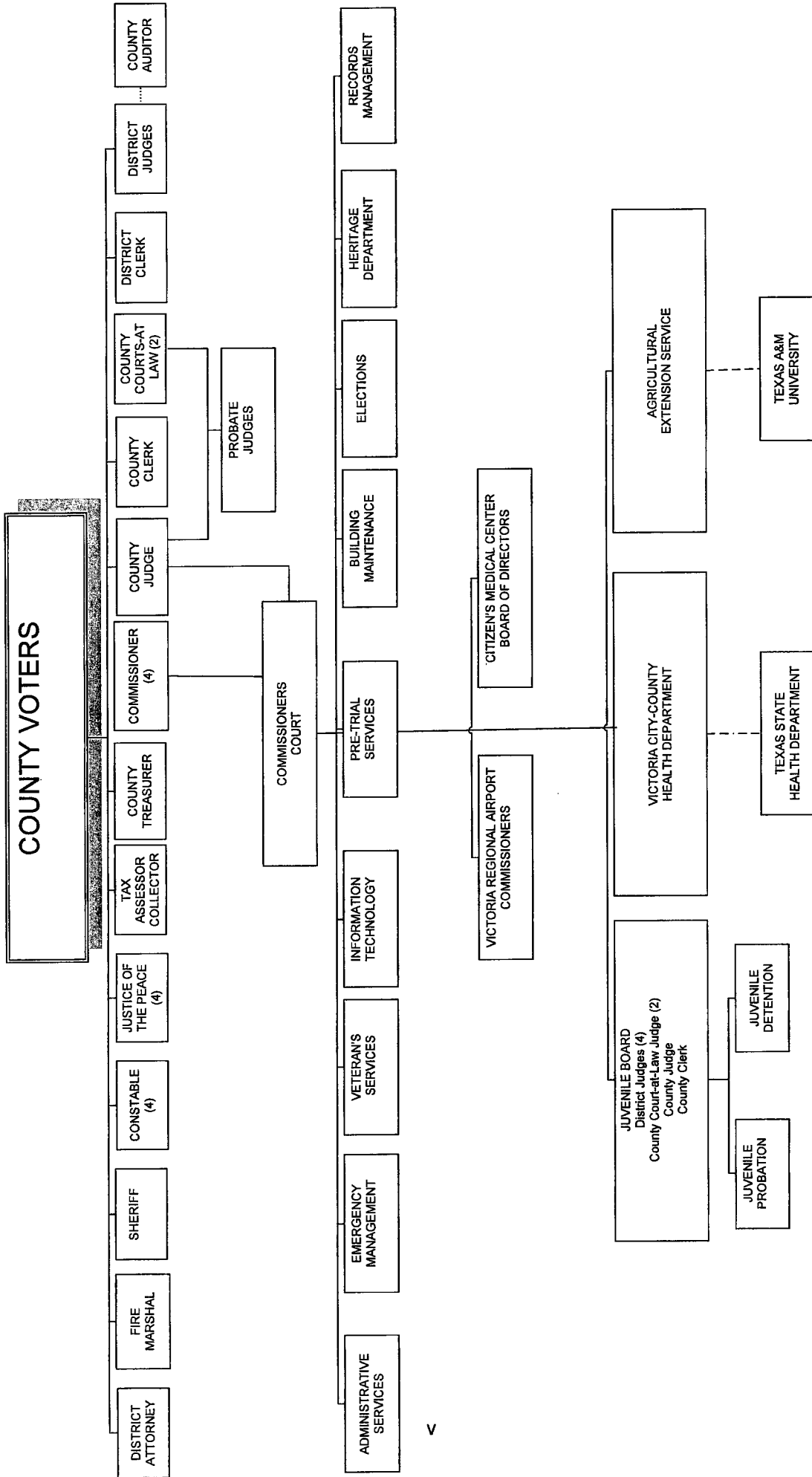
**Pension Benefits** - The County provides retirement, disability and death benefits for all of its full-time employees through a nontraditional defined benefit pension plan in the statewide Texas County and District Retirement System ("TCDRS"). Specific plan provisions are adopted by the County within the options available in the state statutes governing the TCDRS. Benefit amounts are determined by the sum of the employee's contributions to the plan, with interest and employer-financed monetary credits. The level of these monetary credits is adopted within the constraints imposed by the TCDRS Act so that the resulting benefits can be expected to be adequately financed.

## **ACKNOWLEDGEMENTS**

The preparation of the CAFR could not have been accomplished without the efficient and dedicated efforts of the staff of the County Auditor's Office. We express our appreciation to all the members of the office who assisted in and contributed to its preparation. We would also like to thank the accounting firm of Harrison, Waldrop & Uherek, L.L.P. for sharing their knowledge, and extending their cooperation and support to the County Auditor's Office. Appreciation must also be expressed to the County Judge, members of the Commissioners' Court, the County Treasurer, and all other officials of the County for their assistance in planning and conducting the financial operations of the County in a progressive and responsible manner.

Respectfully submitted,  
Judy McAdams, CPA  
Victoria County Auditor

# VICTORIA COUNTY ORGANIZATION



**COUNTY OF VICTORIA, TEXAS**  
**DIRECTORY OF PRINCIPAL OFFICIALS**  
 December 31, 2013

**ELECTED OFFICIALS**

<u>NAME</u>	<u>POSITION</u>
Donald R. Pozzi	County Judge
Danny Garcia	Commissioner, Precinct #1
Kevin Janak	Commissioner, Precinct #2
Gary Burns	Commissioner, Precinct #3
Clint Ives	Commissioner, Precinct #4
Stephen Tyler	Criminal District Attorney
Robert Cortez	County Clerk
Cathy Stuart	District Clerk
Sean Kennedy	County Treasurer
Rena Scherer	County Tax Assessor-Collector
T. Michael O'Connor	County Sheriff
Travis H. Ernst	Judge, County Court-at-Law #1
Daniel Gilliam	Judge, County Court-at-Law #2
Jack Marr	Judge, 24th Judicial District
K. Stephen Williams, III	Judge, 135th Judicial District
Juergen "Skipper" Koetter, Jr.	Judge, 267th Judicial District
Robert C. Cheshire	Judge, 377th Judicial District
Richard G. Castillo	Justice of the Peace #1
Stuart Posey	Justice of the Peace #2
Robert Whitaker	Justice of the Peace #3
Theodore G. Seel	Justice of the Peace #4
Richard A. Williams	Constable, Precinct #1
James E. Calaway	Constable, Precinct #2
Kenneth Easley, Jr.	Constable, Precinct #3
Roger Stuart	Constable, Precinct #4

**APPOINTED OFFICIALS**

<u>NAME</u>	<u>POSITION</u>
Judy McAdams, CPA	County Auditor
Ronald W. Pray	County Fire Marshal



CERTIFIED PUBLIC ACCOUNTANTS  
101 S. MAIN, SUITE 400  
VICTORIA, TEXAS 77901-8142

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## INDEPENDENT AUDITORS' REPORT

The Honorable County Judge and Members  
of the Commissioners' Court  
County of Victoria, Texas

### Report on the Financial Statements

We have audited the accompanying statutory basis financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Victoria, Texas (the "County") as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the accounting practices prescribed or permitted by Government Code Section 2266.051, as adopted by the State of Texas House Bill 2365 as described in Note 1 to the financial statements. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Citizens Medical Center and the Victoria County Child Welfare Board, which represent 83 percent, 89 percent, and 95 percent, respectively, of the assets, net position, and revenues of the aggregate discretely presented component units. Those statements were audited by other auditors, whose reports thereon have been furnished to us, and our opinions insofar as it relates to the amounts included for the Citizens Medical Center and the Victoria County Child Welfare Board, is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the Citizens Medical Center and the Victoria County Child Welfare Board were not audited in accordance with *Government Auditing Standards*.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the organization's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the organization's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

The Honorable County Judge and Members  
of the Commissioners' Court  
County of Victoria, Texas

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our adverse and unqualified audit opinions.

#### Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described more fully in Note 1, the County has prepared these financial statements using financial accounting practices prescribed or permitted by Government Code Section 2264-051, as adopted by State of Texas House Bill 2365, which practices differ from generally accepted accounting principles (GAAP) in the United States of America.

The effects on the financial statements of the variances between the statutory basis of accounting described in Note 1 and GAAP, although not reasonably determinable, are presumed to be material.

#### Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" paragraph, the financial statements referred to in the first paragraph do not present fairly, in conformity with GAAP, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County as of December 31, 2013, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended.

#### Opinion on Statutory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective statutory basis financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County as of December 31, 2013, and the respective statutory basis changes in financial position and cash flows, where applicable, thereof for the year then ended in accordance with the financial accounting practices prescribed or permitted by Government Code Section 2264-051, as adopted by State of Texas House Bill 2365 described in Note 1.

#### Other Matters

##### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.



The Honorable County Judge and Members  
of the Commissioners' Court  
County of Victoria, Texas

*Other Information*

Our audit was conducted for the purpose of forming opinions on the statutory basis financial statements that collectively comprise the County's basic financial statements. The introductory section, statutory basis combining and individual major and nonmajor fund financial statements and schedules, statistical data, and schedule of expenditures of federal and state awards (as required by the U.S. Office of Management and Budget Circular A-133, *Auditing of States, Local Governments, and Non-Profit Organizations* and the *State of Texas Single Audit Circular*) are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The statutory basis combining and individual major and nonmajor fund financial statements and schedules and the schedule of expenditures of federal and state awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal and state awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory section and statistical data have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 25, 2014, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

*Harrison, Waldrop & Uherek, LLP*

HARRISON, WALDROP & UHEREK, L.L.P.  
Certified Public Accountants

June 25, 2014



The discussion and analysis of the County of Victoria's (the "County") financial performance provides an overview of the County's financial activities for the year ended December 31, 2013. The discussion and analysis should be read in conjunction with the accompanying transmittal letter, the basic financial statements, and the accompanying notes to the financial statements. The discussion and analysis includes comparative data for the prior year.

**FINANCIAL HIGHLIGHTS**

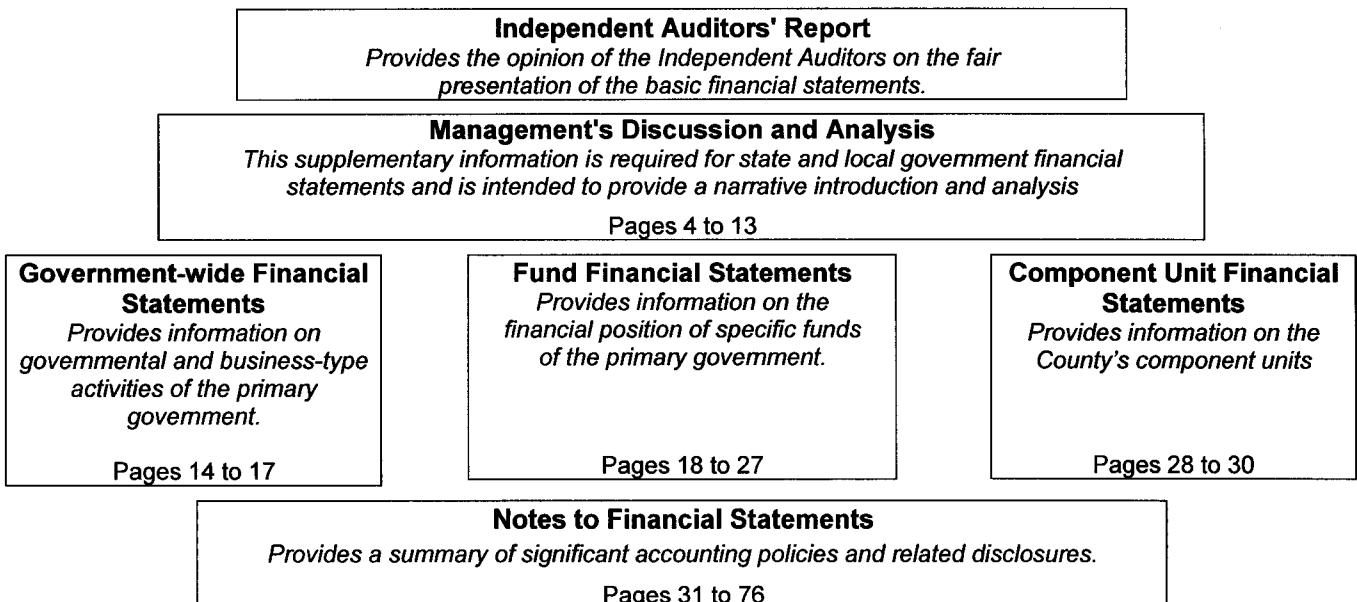
- The assets and deferred outflows of the County exceeded its liabilities and deferred inflows at the close of the year ended December 31, 2013, by \$45,164,925. Of this amount \$15,296,773 is available to meet the County's ongoing obligations to citizens and creditors.
- At December 31, 2013, the County's governmental funds reported combined ending fund balances of \$18,870,402. The amount available for governmental discretion (unassigned fund balance) is \$13,177,929.
- At December 31, 2013, the fund balance for the General Fund was \$14,509,019, a \$2,217,877 increase over last year. The unassigned portion of fund balance was \$13,182,983 or 90.86% of total fund balance or 40.99% of total General Fund expenditures for 2013.
- The County's general obligation debt decreased \$1,327,416. The key factor in this decrease was the bond payments made during 2013.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

The new financial reporting model instituted by Governmental Accounting Standards Board Statement 34 ("GASB 34") seeks to improve operational accountability by highlighting an overall picture that was lost in the detail of fund accounting. Instead of focusing on aggregations of similar individual funds, GASB 34 introduced government-wide financial statements, which present the government as a single unified entity.

This discussion and analysis is intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements are comprised of four components: 1) government-wide financial statements, 2) fund financial statements, 3) component unit financial statements, and 4) notes to financial statements. This report also contains other required supplementary information in addition to the basic financial statements.

**Organization and Flow of Financial Section Information**



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## OVERVIEW OF THE FINANCIAL STATEMENTS - (Continued)

**Government-wide Financial Statements.** The *government-wide financial statements*, which consist of the following two statements, are designed to provide readers with a broad overview of the County's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the County's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The *statement of activities* presents information showing how the government's net position changed during 2013. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of these financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their cost through user fees and charges (business-type activities). The governmental activities of the County include general government, public safety, highways and streets, culture and recreation, and public health. The business-type activities of the County include the airport, Navarro project, and other (commissary).

The government-wide financial statements include not only the County itself (known as the *primary government*) but also the component units of Victoria County Navigation District, Victoria County Child Welfare Board, and Citizens Medical Center. These component units are not included as part of the primary government.

The government-wide financial statements can be found on pages 14-17 of this report.

**Fund financial statements.** A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

**Governmental funds.** *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as a *balance of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The County maintains several individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General Fund, which is considered a major fund. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining and individual statements and schedules following the required supplementary information.

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## OVERVIEW OF THE FINANCIAL STATEMENTS - (Continued)

The County adopts an annual appropriated budget for its General Fund, road and bridge special revenue funds, and Debt Service Fund. A budgetary comparison schedule has been provided for the General Fund to demonstrate compliance with this budget and is located on pages 108-116 of this report. Budget comparisons are presented for the road and bridge special revenue funds and the Debt Service Fund on pages 118-123 of this report.

The basic governmental fund financial statements can be found on pages 18-21 of this report.

**Proprietary funds.** The County maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The County uses enterprise funds to account for its airport, Navarro project, and other enterprise activities (commissary). *Internal service funds* are an accounting device used to accumulate and allocate cost internally among the County's various functions. The County uses an internal service fund to account for its employee health insurance services. Because this service predominantly benefits governmental rather than business-type functions, it has been included within *governmental activities* in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the airport and for the Navarro project, both of which are considered to be major funds of the County, and other (commissary).

The basic proprietary fund financial statements can be found on pages 22-25 of this report.

**Fiduciary funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support the County's own programs. The accounting used for fiduciary funds is similar to proprietary funds.

The basic fiduciary fund financial statements can be found on pages 26-27 of this report.

**Notes to financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to financial statements can be found on pages 31-76 of this report.

**Other information.** In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the County's General Fund's budgetary comparison schedule and historical pension benefits information. Required supplementary information can be found on pages 77-79 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds is presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 80-127 of this report.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the County, assets and deferred outflows exceeded liabilities and deferred inflows by \$45,164,925 at the close of the year ended December 31, 2013.

### County of Victoria, Texas

#### NET POSITION (Statutory Basis)

	Governmental Activities		Business-type Activities		Total	
	2013	2012*	2013	2012*	2013	2012*
Current and other assets	\$ 49,480,748	\$ 43,642,600	\$ (1,000,865)	\$ (181,246)	\$ 48,479,883	\$ 43,461,354
Capital assets (net)	28,721,514	28,164,832	8,625,363	9,465,473	37,346,877	37,630,305
Total assets	78,202,262	71,807,432	7,624,498	9,284,227	85,826,760	81,091,659
Deferred charge on refunding	39,252	57,026	-	-	39,252	57,026
Total deferred outflows of resources	39,252	57,026	-	-	39,252	57,026
Current and other liabilities	5,767,564	4,916,482	224,368	394,212	5,991,932	5,310,694
Noncurrent liabilities	11,860,214	12,503,665	22,275	554,178	11,882,489	13,057,843
Total liabilities	17,627,778	17,420,147	246,643	948,390	17,874,421	18,368,537
Unavailable revenue	22,826,666	21,085,623	-	-	22,826,666	21,085,623
Total deferred outflows of resources	22,826,666	21,085,623	-	-	22,826,666	21,085,623
Net position						
Net investment in capital assets	19,331,396	17,634,287	8,625,363	8,841,867	27,956,759	26,476,154
Restricted	1,911,393	1,735,505	-	-	1,911,393	1,735,505
Unrestricted	16,544,281	13,988,896	(1,247,508)	(527,598)	15,296,773	13,461,298
Total net position	\$ 37,787,070	\$ 33,358,688	\$ 7,377,855	\$ 8,314,269	\$ 45,164,925	\$ 41,672,957

\*Net positions of the 2012 governmental and business-type activities have been restated. See Note 18 of this report.

The largest portion of the County's net position (61.90%) reflects its investment in capital assets (e.g., land, buildings, improvements, machinery, and equipment) less any related debt used to acquire those assets that is still outstanding. The County uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The County has restricted net position of \$1,911,393, which represent resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (\$15,296,773) may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current year, the County is able to report positive balances in all three categories of net position, for the government as a whole, as well as for the governmental activities.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS - (Continued)**

**County of Victoria, Texas**

**CHANGES IN NET POSITION  
(Statutory Basis)**

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total</b>	
	<b>2013</b>	<b>2012*</b>	<b>2013</b>	<b>2012*</b>	<b>2013</b>	<b>2012*</b>
<b>REVENUES</b>						
Program revenues:						
Charges for services	\$ 10,118,296	\$ 10,286,062	\$ 3,579,632	\$ 3,711,485	\$ 13,697,928	\$ 13,997,547
Operating grants & contributions	5,183,741	4,461,065	95,859	33,694	5,279,600	4,494,759
Capital grants & contributions	228,422	697,792	8,950	142,087	237,372	839,879
General revenues:						
Property taxes	21,984,214	20,738,029	-	-	21,984,214	20,738,029
Other taxes	11,067,454	11,220,738	-	-	11,067,454	11,220,738
Other	1,192,374	643,069	424	385	1,192,798	643,454
<b>Total revenues</b>	<b>49,774,501</b>	<b>48,046,755</b>	<b>3,684,865</b>	<b>3,887,651</b>	<b>53,459,366</b>	<b>51,934,406</b>
<b>EXPENSES</b>						
General governmental	17,741,218	17,725,415	-	-	17,741,218	17,725,415
Public safety	19,116,258	16,249,363	-	-	19,116,258	16,249,363
Highways and streets	4,368,635	4,196,422	-	-	4,368,635	4,196,422
Culture and recreation	295,945	301,527	-	-	295,945	301,527
Public health	3,377,214	3,747,650	-	-	3,377,214	3,747,650
Interest on long-term debt	446,849	352,616	-	-	446,849	352,616
Airport	-	-	3,806,501	3,822,529	3,806,501	3,822,529
Navarro project	-	-	694,360	617,933	694,360	617,933
Commissary	-	-	120,418	143,356	120,418	143,356
<b>Total expenses</b>	<b>45,346,119</b>	<b>42,572,993</b>	<b>4,621,279</b>	<b>4,583,818</b>	<b>49,967,398</b>	<b>47,156,811</b>
Change in net position	4,428,382	5,473,762	(936,414)	(696,167)	3,491,968	4,777,595
<b>Net position - January 1, 2013, as restated</b>	<b>33,358,688</b>	<b>27,884,926</b>	<b>8,314,269</b>	<b>9,010,436</b>	<b>41,672,957</b>	<b>36,895,362</b>
<b>Net position - December 31, 2013</b>	<b>\$ 37,787,070</b>	<b>\$ 33,358,688</b>	<b>\$ 7,377,855</b>	<b>\$ 8,314,269</b>	<b>\$ 45,164,925</b>	<b>\$ 41,672,957</b>

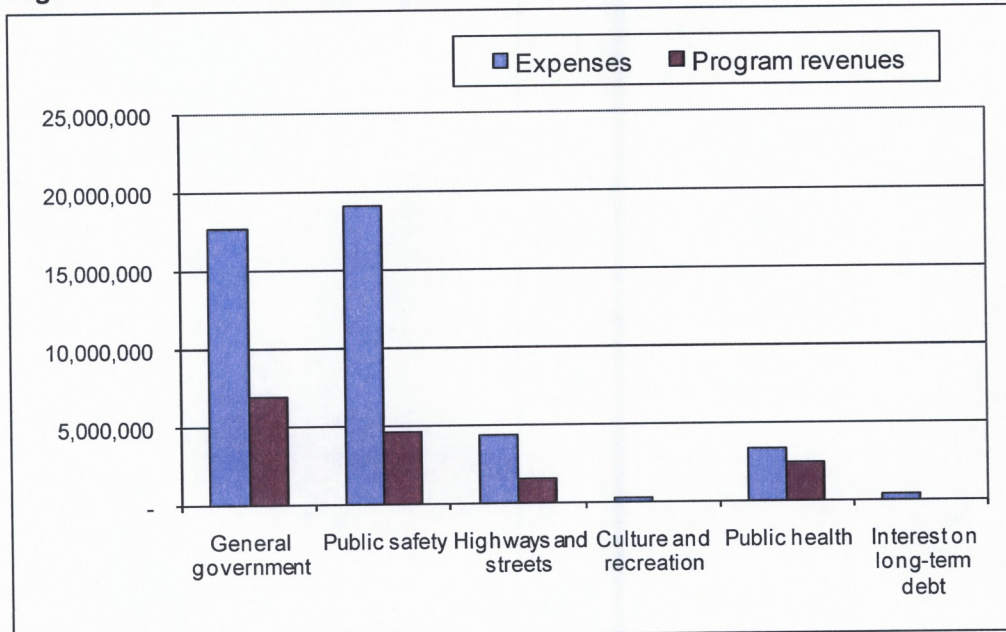
\*Net positions of the 2012 governmental and business-type activities have been restated. See Note 18 of this report.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS - (Continued)**

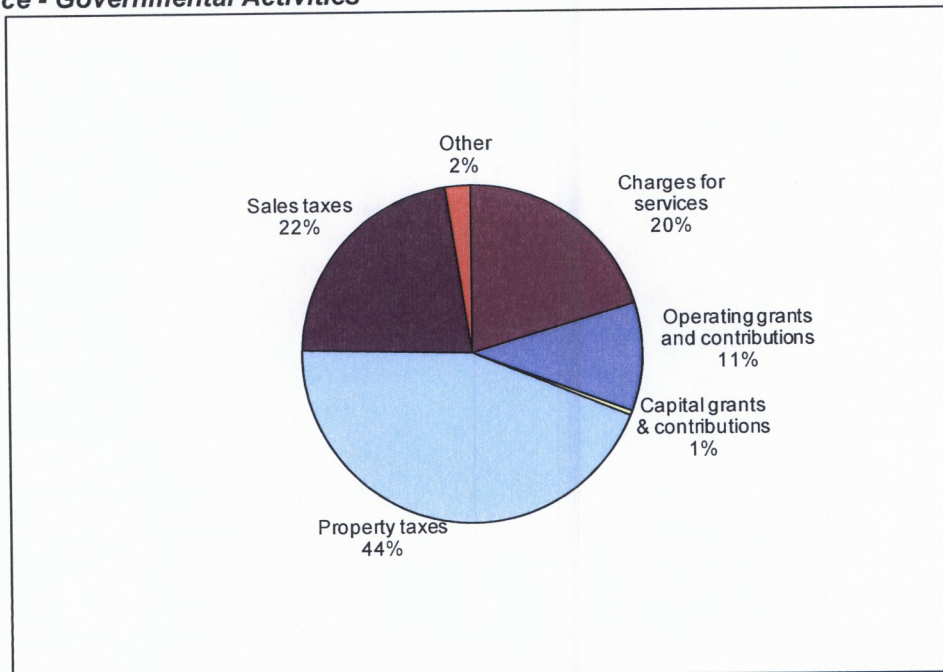
**Governmental activities.** Governmental activities increased the County's net position by \$4,428,382, thereby accounting for the majority of the total increase in the net position of the County. Key elements of this increase are as follows:

- Property tax revenues increased \$1,246,185 and miscellaneous revenues increased from the prior year.

**Expenses and Program Revenues - Governmental Activities**



**Revenues by Source - Governmental Activities**

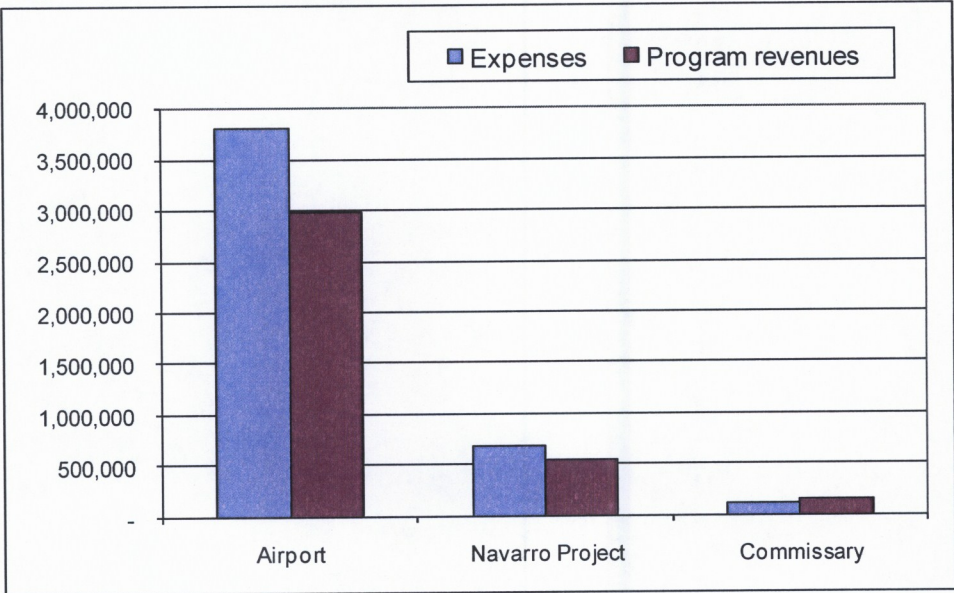




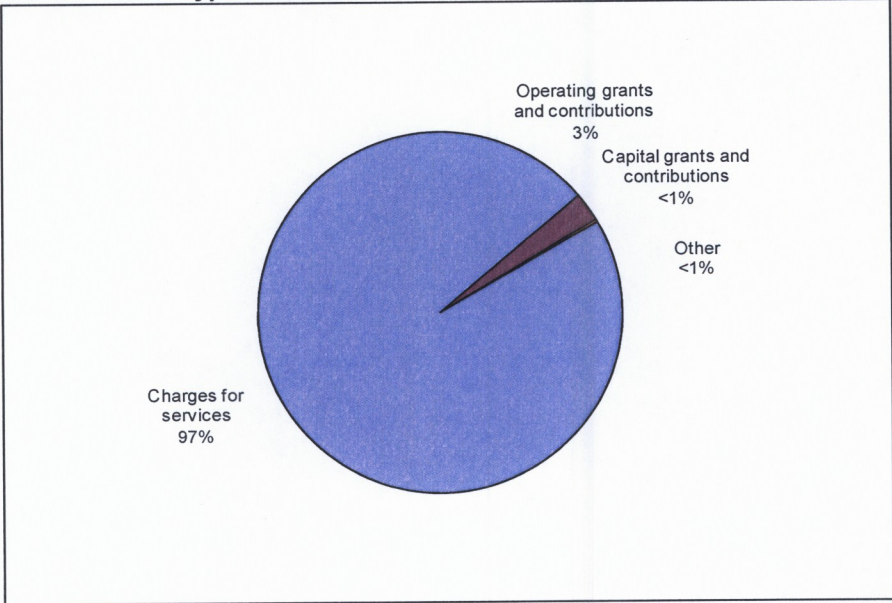
**GOVERNMENT-WIDE FINANCIAL ANALYSIS - (Continued)**

**Business-type activities.** Business-type activities decreased the County's net position by \$936,414. This change was mainly due to a combined decrease in revenue of \$202,786 or 5.22% compared to 2012.

**Expenses and Program Revenues - Business-type Activities**



**Revenues by Source - Business-type Activities**



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## FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

As noted earlier, the County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental funds.** The focus of the County's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the County's financing requirements. Non-financial assets such as governmental buildings, roads, park land and long-term liabilities that will not be paid with current assets are excluded.

In the fiscal year 2011, the County implemented Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* ("GASB 54"), which changed the various classifications of fund balance and clarified governmental fund type definitions. At the end of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$18,870,402, an increase of \$2,977,011 in comparison with the prior year. Of the total fund balance, \$13,177,929 constitutes *unassigned fund balance* and is available for spending at the County's discretion. Of the remaining fund balance, \$4,366,437 is *restricted* to specific types of expenditures and \$1,326,036 is *nonspendable*.

**General Fund.** The General Fund is the chief operating fund of the County. At the end of the current year, unassigned fund balance of the General Fund was \$13,182,983, while total fund balance was \$14,509,019. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 40.99% of total General Fund expenditures, while total fund balance represents 45.11% of that same amount.

The fund balance of the County's General Fund increased by \$2,217,877 during the current year. This increase is due mainly to an increase in property tax revenues.

**Proprietary Funds.** The County's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position of proprietary funds at the end of the year amounted to:

Fund	(As Restated)	
	2013 Unrestricted Net Position	2012 Unrestricted Net Position
Airport	\$ (902,228)	\$ (672,758)
Navarro Project	(430,885)	119,042
Commissary	85,605	47,686
<b>Total</b>	<b>\$ (1,247,508)</b>	<b>\$ (506,030)</b>

Other factors concerning the finances of these funds have been addressed in the discussion of the County's business-type activities.

## GENERAL FUND BUDGETARY HIGHLIGHTS

Differences between the original budget and the final amended budget resulted in an increase of \$1,051,354 and can be briefly summarized as follows:

- \$622,491 in miscellaneous increases in general governmental expenditures, due to repairs to the Bridge Street Annex facade, remodel of offices and courtroom in 1967 Courthouse, the purchase of new software for the County Clerk and District Clerk offices, and increased indigent defense expenditures.
- \$387,787 in miscellaneous increases in public safety expenditures, due to increased expenditures for the purchase of new vehicles and new software for the Sheriff's office and repairs to vehicles for the Fire Marshal and Sheriff's offices.

These increases were to be funded out of miscellaneous increases in intergovernmental revenues, fines and forfeitures revenues, and other miscellaneous revenues.

For 2013, the General Fund's actual expenditures came in \$1,591,476 lower than the final budget. This positive variance is mainly due to:

- Payroll and other various expenditure accounts that came in under budget for 2013.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

**Capital assets.** The County's investment in capital assets for its governmental and business-type activities as of December 31, 2013, amounts to \$37,346,877 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, and machinery and equipment. The net decrease in the County's investment in capital assets for the current year was 0.75% (a 1.98% increase for governmental activities and a 8.88% decrease for business-type activities).

**County of Victoria, Texas**  
**CAPITAL ASSETS**  
**(Net of Depreciation)**

	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Land	\$ 2,466,342	\$ 2,302,794	\$ 149,433	\$ 149,433	\$ 2,615,775	\$ 2,452,227
Construction in progress	41,245	-	10,986	653,672	52,231	653,672
Buildings	10,643,524	9,981,712	368,246	443,003	11,011,770	10,424,715
Improvements	7,216,120	7,599,153	7,849,492	7,964,589	15,065,612	15,563,742
Machinery and equipment	6,870,335	6,722,125	247,206	254,776	7,117,541	6,976,901
Infrastructure	1,483,948	1,559,048	-	-	1,483,948	1,559,048
<b>Total</b>	<b>\$ 28,721,514</b>	<b>\$ 28,164,832</b>	<b>\$ 8,625,363</b>	<b>\$ 9,465,473</b>	<b>\$ 37,346,877</b>	<b>\$ 37,630,305</b>

Major capital asset events during the current year included the following:

- The additions to the governmental activities capital assets during the year ended December 31, 2013, consisted of the following:
  - Equipment increased by \$1,639,073 due to the acquisition of 19 new vehicles at the Sheriff's Office, and the purchase of a new excavator for the Road & Bridge Precincts.
  - Buildings increased \$1,015,898 due to the purchase of offices for a justice of the peace, records management, and maintenance departments.

**CAPITAL ASSETS AND DEBT ADMINISTRATION - (Continued)**

**Capital Assets. - (Continued)**

- o The additions to the business-type activities capital assets during the year ended December 31, 2013, consisted of ongoing improvements to the airport and Navarro project property.

Additional information on the County's capital assets can be found in Note 6 of this report.

**Long-term debt.** At the end of the current year, the County had total bonded debt outstanding of \$9,194,285. This debt is backed by the full faith and credit of the government.

**County of Victoria, Texas**

**General Obligation and Revenue Bonds**

	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Certificates of obligation	\$ 7,670,000	\$ 7,995,000	\$ -	\$ -	\$ 7,670,000	\$ 7,995,000
General obligation bonds	1,365,000	2,340,000	-	-	1,365,000	2,340,000
Issuance discount	(40,113)	(42,588)	-	-	(40,113)	(42,588)
Issuance premiums	199,398	229,289	-	-	199,398	229,289
Revenue bonds	-	-	-	625,000	-	625,000
Bond discount	-	-	-	(1,394)	-	(1,394)
<b>Total</b>	<b>\$ 9,194,285</b>	<b>\$10,521,701</b>	<b>\$ -</b>	<b>\$ 623,606</b>	<b>\$ 9,194,285</b>	<b>\$ 11,145,307</b>

The County's total debt decreased by \$1,951,022 (17.51%) during the current year, this was due to debt repayment. The County maintains an "AA" rating from Standard & Poor's, and Fitch Ratings for general obligation debt. Additional information on the County's long-term debt can be found in Note 13.

**Economic Factors and Next Year's Budgets and Rates**

The annual budget is developed to provide efficient, effective, and controlled use of the County's resources, as well as a means to accomplish the highest priority objectives. Through the budget, the Commissioners' Court sets the direction of the County, allocates its resources, and establishes its priorities.

The final 2014 budget was adopted by Commissioners' Court on September 12, 2013. The budget included a 3% raise to employees and County Officials, 14 new positions in the General Fund, an increase in required retirement contributions from 6% to 7%, and an increase in indigent defense representation. The property tax rate was set at \$0.3986 (39.86 cents) per \$100 assessed taxable valuation, which reflects no change from the 2013 tax rate. However, the 2014 tax rate is \$0.0207 (or 5.48%) over the County's effective tax rate. The taxable valuation increased for the 2014 year by \$458 million which will result in an increase of tax revenue of \$733,769.

**Request for Information**

This financial report is designed to provide a general overview of the County's finances for all those with an interest in the government's finances. Questions concerning any of the information provide in this report or requests for additional financial information should be addressed to the County Auditor's Office, 115 N. Bridge, Room 122, Victoria, Texas 77901.



**COUNTY OF VICTORIA, TEXAS**  
**STATEMENT OF NET POSITION - STATUTORY BASIS**  
December 31, 2013

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
<b>ASSETS</b>				
Current assets				
Cash and cash equivalents	\$ 26,414,034	\$ 122,331	\$ 26,536,365	\$ 113,176,103
Receivables (net)	19,798,381	140,765	19,939,146	11,871,929
Internal balances	21,746	(21,746)	-	-
Due from other governments	1,899,360	8,873	1,908,233	4,029,394
Due from external parties	21,191	-	21,191	-
Inventory	-	74,948	74,948	1,962,672
Prepaid items	-	-	-	1,372,740
<b>Total current assets</b>	<b>48,154,712</b>	<b>325,171</b>	<b>48,479,883</b>	<b>132,412,838</b>
Noncurrent assets				
Capital assets				
Land and other assets not being depreciated	2,507,587	160,419	2,668,006	33,123,851
Buildings, improvements, and equipment (net)	26,213,927	8,464,944	34,678,871	81,075,352
Other assets	-	-	-	3,464,022
Noncurrent internal balances	1,326,036	(1,326,036)	-	-
<b>Total noncurrent assets</b>	<b>30,047,550</b>	<b>7,299,327</b>	<b>37,346,877</b>	<b>117,663,225</b>
<b>Total assets</b>	<b>78,202,262</b>	<b>7,624,498</b>	<b>85,826,760</b>	<b>250,076,063</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred charge on refunding	39,252	-	39,252	-
<b>Total deferred outflows of resources</b>	<b>39,252</b>	<b>-</b>	<b>39,252</b>	<b>-</b>

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
<b>LIABILITIES</b>				
Current liabilities				
Accounts payable	\$ 1,949,222	\$ 105,211	\$ 2,054,433	\$ 3,345,622
Accrued expenses	1,337,043	41,749	1,378,792	7,965,169
Accrued interest payable	318,785	-	318,785	23,631
Due to other governments	375,300	-	375,300	-
Claims payable	178,351	-	178,351	-
Deposits	1,000	5,500	6,500	-
Unearned revenue	103,089	40,217	143,306	2,978,670
Accrued compensated absences	627,036	15,191	642,227	-
Current portion of long-term obligations	877,738	16,500	894,238	940,000
<b>Total current liabilities</b>	<b>5,767,564</b>	<b>224,368</b>	<b>5,991,932</b>	<b>15,253,092</b>
Noncurrent liabilities				
Noncurrent portion of long-term obligations	11,860,214	22,275	11,882,489	14,825,000
<b>Total noncurrent liabilities</b>	<b>11,860,214</b>	<b>22,275</b>	<b>11,882,489</b>	<b>14,825,000</b>
<b>Total liabilities</b>	<b>17,627,778</b>	<b>246,643</b>	<b>17,874,421</b>	<b>30,078,092</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue	22,826,666	-	22,826,666	-
<b>Total deferred inflows of resources</b>	<b>22,826,666</b>	<b>-</b>	<b>22,826,666</b>	<b>-</b>
<b>NET POSITION</b>				
Net investment in capital assets	19,331,396	8,625,363	27,956,759	104,555,262
Restricted for:				
Debt service	345,508	-	345,508	84,352
Other purposes	1,565,885	-	1,565,885	-
Unrestricted	16,544,281	(1,247,508)	15,296,773	115,358,357
<b>Total net position</b>	<b>\$ 37,787,070</b>	<b>\$ 7,377,855</b>	<b>\$ 45,164,925</b>	<b>\$ 219,997,971</b>

The accompanying notes are an integral part of this statement.

**COUNTY OF VICTORIA, TEXAS**  
**STATEMENT OF ACTIVITIES - STATUTORY BASIS**  
For the year ended December 31, 2013

Function/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary Government</b>				
Governmental activities				
General government	\$ 17,741,218	\$ 5,733,156	\$ 1,211,752	\$ -
Public safety	19,116,258	2,254,543	2,113,151	228,422
Highways and streets	4,368,635	1,597,198	-	-
Culture and recreation	295,945	-	-	-
Public health	3,377,214	533,399	1,858,838	-
Interest on long-term debt	446,849	-	-	-
Total governmental activities	<u>45,346,119</u>	<u>10,118,296</u>	<u>5,183,741</u>	<u>228,422</u>
Business-type activities				
Airport	3,806,501	2,879,260	95,859	6,750
Navarro Project	694,360	551,150	-	2,200
Commissary	120,418	149,222	-	-
Total business-type activities	<u>4,621,279</u>	<u>3,579,632</u>	<u>95,859</u>	<u>8,950</u>
Total primary government	<u>\$ 49,967,398</u>	<u>\$ 13,697,928</u>	<u>\$ 5,279,600</u>	<u>\$ 237,372</u>
<b>Component Units</b>	<u>\$ 142,858,776</u>	<u>\$ 129,940,892</u>	<u>\$ 5,940</u>	<u>\$ 51,780</u>

General revenues:

Taxes:

Property taxes, levied for general purposes

Property taxes, levied for debt service

Sales taxes

Other taxes

Grants and contributions not restricted to specific programs

Unrestricted Investment earnings

Miscellaneous

Total general revenues

Change in net position

Net position - beginning, as restated

Net position - ending

The accompanying notes are an integral part of this statement.



Net (Expense) Revenue and  
Changes in Net Position

Primary Government			
Governmental Activities	Business- type Activities	Total	Component Units
\$ (10,796,310)	\$ -	\$ (10,796,310)	\$ -
(14,520,142)	-	(14,520,142)	-
(2,771,437)	-	(2,771,437)	-
(295,945)	-	(295,945)	-
(984,977)	-	(984,977)	-
(446,849)	-	(446,849)	-
<u>(29,815,660)</u>	<u>-</u>	<u>(29,815,660)</u>	<u>-</u>
-	(824,632)	(824,632)	-
-	(141,010)	(141,010)	-
-	28,804	28,804	-
<u>-</u>	<u>(936,838)</u>	<u>(936,838)</u>	<u>-</u>
<u>(29,815,660)</u>	<u>(936,838)</u>	<u>(30,752,498)</u>	<u>-</u>
-	-	-	(12,860,164)
20,396,982	-	20,396,982	1,414,684
1,587,232	-	1,587,232	330,341
10,815,601	-	10,815,601	-
251,853	-	251,853	-
252,374	-	252,374	-
132,066	424	132,490	553,647
807,934	-	807,934	1,049,932
<u>34,244,042</u>	<u>424</u>	<u>34,244,466</u>	<u>3,348,604</u>
4,428,382	(936,414)	3,491,968	(9,511,560)
<u>33,358,688</u>	<u>8,314,269</u>	<u>41,672,957</u>	<u>229,509,531</u>
<u>\$ 37,787,070</u>	<u>\$ 7,377,855</u>	<u>\$ 45,164,925</u>	<u>\$ 219,997,971</u>

**COUNTY OF VICTORIA, TEXAS**  
**BALANCE SHEET - STATUTORY BASIS**  
**GOVERNMENTAL FUNDS**  
 December 31, 2013

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	\$ 19,211,019	\$ 7,203,015	\$ 26,414,034
Receivables (net)	16,533,152	3,155,764	19,688,916
Due from other governments	487,050	1,412,310	1,899,360
Due from other funds	818,660	-	818,660
Advance to other funds	1,326,036	-	1,326,036
<b>Total assets</b>	<b><u>\$ 38,375,917</u></b>	<b><u>\$ 11,771,089</u></b>	<b><u>\$ 50,147,006</u></b>
<b>LIABILITIES</b>			
Accounts payable	\$ 456,817	\$ 1,274,983	\$ 1,731,800
Accrued expenditures	1,001,440	323,426	1,324,866
Due to other funds	-	619,776	619,776
Due to other governments	375,300	-	375,300
Deposits	1,000	-	1,000
Unearned revenue	8,213	94,876	103,089
<b>Total liabilities</b>	<b><u>1,842,770</u></b>	<b><u>2,313,061</u></b>	<b><u>4,155,831</u></b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable revenue	22,024,128	5,096,645	27,120,773
<b>Total deferred inflows of resources</b>	<b><u>22,024,128</u></b>	<b><u>5,096,645</u></b>	<b><u>27,120,773</u></b>
<b>FUND BALANCES</b>			
Nonspendable	1,326,036	-	1,326,036
Restricted	-	4,366,437	4,366,437
Unassigned	13,182,983	(5,054)	13,177,929
<b>Total fund balances</b>	<b><u>14,509,019</u></b>	<b><u>4,361,383</u></b>	<b><u>18,870,402</u></b>
<b>Total liabilities, deferred inflows and fund balances</b>	<b><u>\$ 38,375,917</u></b>	<b><u>\$ 11,771,089</u></b>	<b><u>\$ 50,147,006</u></b>

The accompanying notes are an integral part of this statement.

**COUNTY OF VICTORIA, TEXAS****RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCE TO NET POSITION****OF GOVERNMENTAL ACTIVITIES - STATUTORY BASIS**

December 31, 2013

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<b>Total governmental fund balances</b>		<b>\$ 18,870,402</b>
<i>Amounts reported for governmental activities in the statement of net position are different because:</i>		
The internal service fund is used by the County to charge the cost of health insurance to individual funds. The assets and liabilities of the internal service fund is included in governmental activities in the statement of net position.		
		(454,432)
Property taxes receivable will be collected this year, but are not available soon enough to pay for the current period's expenditures, and therefore are reported as "unavailable" in the funds.		
		2,288,389
Because the focus of governmental funds is on short-term financing, some assets will not be available to pay for current-period expenditures. Those assets (for example, receivables) are offset by unavailable revenues in the governmental funds and thus are not included in fund balance.		
		2,005,718
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds. The governmental capital assets at year-end consist of:		
Governmental capital assets costs	\$ 170,913,208	
Accumulated depreciation of governmental capital assets	<u>(142,191,694)</u>	28,721,514
Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year-end consist of:		
Bonds and certificates payable	(9,035,000)	
Issuance discount	40,113	
Issuance premiums	(199,398)	
Deferred loss on refunding	39,252	
Interlocal commitment	(2,616,446)	
Capital leases payable	(235,085)	
Accrued interest payable	(318,785)	
Compensated absences	<u>(1,319,172)</u>	<u>(13,644,521)</u>
<b>Net position of governmental activities</b>		<b><u>\$ 37,787,070</u></b>

The accompanying notes are an integral part of this statement.

**COUNTY OF VICTORIA, TEXAS****STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - STATUTORY BASIS  
GOVERNMENTAL FUNDS**

For the year ended December 31, 2013

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>			
Taxes	\$ 28,442,329	\$ 4,603,001	\$ 33,045,330
Fees of office and user fees	1,671,530	1,459,754	3,131,284
Intergovernmental	3,680,123	6,636,490	10,316,613
Fines and forfeitures	1,214,659	474,529	1,689,188
Investment income	100,981	30,339	131,320
Licenses and permits	63,155	-	63,155
Contributions	-	203,984	203,984
Miscellaneous	661,535	279,597	941,132
<b>Total revenues</b>	<u>35,834,312</u>	<u>13,687,694</u>	<u>49,522,006</u>
<b>EXPENDITURES</b>			
Current			
General government	16,366,832	2,027,220	18,394,052
Public safety	15,501,036	2,856,339	18,357,375
Highways and streets	-	4,590,343	4,590,343
Culture and recreation	295,557	-	295,557
Public health	172	3,349,524	3,349,696
Capital outlay	-	228,422	228,422
Debt service			
Principal retirement	-	1,300,000	1,300,000
Interest and fiscal charges	-	343,950	343,950
<b>Total expenditures</b>	<u>32,163,597</u>	<u>14,695,798</u>	<u>46,859,395</u>
Excess (deficiency) of revenues over expenditures	<u>3,670,715</u>	<u>(1,008,104)</u>	<u>2,662,611</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Sale of assets	12,106	67,209	79,315
Capital lease proceeds	-	235,085	235,085
Transfers in	46,980	1,560,166	1,607,146
Transfers out	<u>(1,511,924)</u>	<u>(95,222)</u>	<u>(1,607,146)</u>
<b>Total other financing sources (uses)</b>	<u>(1,452,838)</u>	<u>1,767,238</u>	<u>314,400</u>
Change in fund balances	2,217,877	759,134	2,977,011
Fund balances at beginning of year	<u>12,291,142</u>	<u>3,602,249</u>	<u>15,893,391</u>
<b>Fund balances at end of year</b>	<u>\$ 14,509,019</u>	<u>\$ 4,361,383</u>	<u>\$ 18,870,402</u>

The accompanying notes are an integral part of this statement.

**COUNTY OF VICTORIA, TEXAS**

**RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,  
EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES - STATUTORY BASIS  
For the year ended December 31, 2013**

<b>Total net change in fund balances - governmental funds</b>		<b>\$ 2,977,011</b>
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
The internal service fund is used by the County to charge the costs of health insurance to individual funds. The net activity of the internal service fund is reported with governmental activities.		(345,796)
The net effect of various transactions involving capital assets (i.e., transfers, adjustments and dispositions) is to increase (decrease) net position.		(120,620)
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.		
Increase in capital assets	\$ 2,941,328	
Depreciation expense	<u>(2,264,026)</u>	677,302
Issuance of debt provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position.		(235,085)
Current year payments on long-term debt are expenditures in the fund financial statements, but they serve to reduce long-term liabilities in the government-wide financial statements. In the current year, these amounts consist of:		
Bond principal retirement	1,300,000	
Capital lease principal retirement	<u>65,870</u>	1,365,870
Because some property taxes will not be collected for several months after the County's fiscal year ends, they are not considered "available" revenues and are deferred in the governmental funds. Similarly, other revenues are not currently available at year end and are not reported as revenue in the governmental funds.		
Property taxes	9,899	
Other revenues	<u>283,155</u>	293,054
Some items reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. These activities consist of:		
Increase in compensated absences	(80,455)	
Decrease in accrued interest	(112,540)	
Decrease in loss on bond refunding	(17,775)	
Net increase in bond premium	29,891	
Net increase in bond discount	<u>(2,475)</u>	<u>(183,354)</u>
<b>Change in net position of governmental activities</b>		<b>\$ <u>4,428,382</u></b>

The accompanying notes are an integral part of this statement.

**COUNTY OF VICTORIA, TEXAS**  
**STATEMENT OF NET POSITION - STATUTORY BASIS**  
**PROPRIETARY FUNDS**  
December 31, 2013

	Business-type Activities				Governmental Activities- Internal Service Fund
	Airport	Navarro Project	Commissary	Total	
<b>ASSETS</b>					
<b>Current assets</b>					
Cash and cash equivalents	\$ 39,411	\$ -	\$ 82,920	\$ 122,331	\$ -
Receivables (net)	126,121	-	14,644	140,765	109,465
Due from other governments	8,873	-	-	8,873	-
Inventory	74,948	-	-	74,948	-
<b>Total current assets</b>	<b>249,353</b>	<b>-</b>	<b>97,564</b>	<b>346,917</b>	<b>109,465</b>
<b>Noncurrent assets</b>					
<b>Capital assets</b>					
Land and other assets not being depreciated	10,986	149,433	-	160,419	-
Buildings, improvements, and equipment (net)	6,939,294	1,472,867	52,783	8,464,944	-
<b>Total noncurrent assets</b>	<b>6,950,280</b>	<b>1,622,300</b>	<b>52,783</b>	<b>8,625,363</b>	<b>-</b>
<b>Total assets</b>	<b>7,199,633</b>	<b>1,622,300</b>	<b>150,347</b>	<b>8,972,280</b>	<b>109,465</b>
<b>LIABILITIES</b>					
<b>Current liabilities</b>					
Accounts payable	92,031	6,227	6,953	105,211	217,422
Accrued expenses	33,476	5,691	2,582	41,749	12,177
Due to other funds	21,648	-	98	21,746	155,947
Advance from other funds	911,597	414,439	-	1,326,036	-
Deposits	5,500	-	-	5,500	-
Unearned revenue	37,342	2,875	-	40,217	-
Claims payable	-	-	-	-	178,351
Accrued compensated absences	12,646	1,057	1,488	15,191	-
Current portion of capital lease payable	16,500	-	-	16,500	-
<b>Total current liabilities</b>	<b>1,130,740</b>	<b>430,289</b>	<b>11,121</b>	<b>1,572,150</b>	<b>563,897</b>
<b>Noncurrent liabilities</b>					
Accrued compensated absences	7,125	596	838	8,559	-
Capital lease payable, net	13,716	-	-	13,716	-
<b>Total noncurrent liabilities</b>	<b>20,841</b>	<b>596</b>	<b>838</b>	<b>22,275</b>	<b>-</b>
<b>Total liabilities</b>	<b>1,151,581</b>	<b>430,885</b>	<b>11,959</b>	<b>1,594,425</b>	<b>563,897</b>
<b>NET POSITION</b>					
Net investment in capital assets	6,950,280	1,622,300	52,783	8,625,363	-
Unrestricted	(902,228)	(430,885)	85,605	(1,247,508)	(454,432)
<b>Total net position</b>	<b>\$ 6,048,052</b>	<b>\$ 1,191,415</b>	<b>\$ 138,388</b>	<b>\$ 7,377,856</b>	<b>\$ (454,432)</b>

The accompanying notes are an integral part of this statement.

**COUNTY OF VICTORIA, TEXAS**

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION - STATUTORY BASIS**

**PROPRIETARY FUNDS**

For the year ended December 31, 2013

	Business-type Activities			Total	Governmental Activities- Internal Service Fund
	Airport	Navarro Project	Commissary		
<b>OPERATING REVENUES</b>					
Charges for services	\$ 2,195,964	\$ -	\$ 149,007	\$ 2,344,971	\$ 2,940,897
Rents	517,079	551,150	-	1,068,229	-
Miscellaneous	166,217	-	215	166,432	-
<b>Total operating revenues</b>	<u>2,879,260</u>	<u>551,150</u>	<u>149,222</u>	<u>3,579,632</u>	<u>2,940,897</u>
<b>OPERATING EXPENSES</b>					
Airport operations	3,138,369	-	-	3,138,369	-
Commissary operations	-	-	106,371	106,371	-
Lease operations	-	419,474	-	419,474	-
Health services	-	-	-	-	3,287,439
Depreciation	657,631	242,465	14,047	914,143	-
<b>Total operating expenses</b>	<u>3,796,000</u>	<u>661,939</u>	<u>120,418</u>	<u>4,578,357</u>	<u>3,287,439</u>
<b>Operating income (loss) before nonoperating revenues (expenses) and contributions</b>	(916,740)	(110,789)	28,804	(998,725)	(346,542)
<b>NONOPERATING REVENUES (EXPENSES)</b>					
Investment income					
Interest	98	-	326	424	746
Noncapital grants and contributions	95,859	-	-	95,859	-
Gain (loss) on disposition of assets	(10,501)	-	-	(10,501)	-
Interest and debt costs	-	(32,421)	-	(32,421)	-
<b>Total nonoperating revenues (expenses)</b>	<u>85,456</u>	<u>(32,421)</u>	<u>326</u>	<u>53,361</u>	<u>746</u>
<b>Income (loss) before contributions</b>	(831,284)	(143,210)	29,130	(945,364)	(345,796)
<b>Contributions</b>					
Capital grants and contributions	6,750	2,200	-	8,950	-
<b>Total contributions</b>	<u>6,750</u>	<u>2,200</u>	<u>-</u>	<u>8,950</u>	<u>-</u>
<b>Change in net position</b>	(824,534)	(141,010)	29,130	(936,414)	(345,796)
<b>Total net position at beginning of year, as restated</b>	<u>6,872,586</u>	<u>1,332,425</u>	<u>109,258</u>	<u>8,314,269</u>	<u>(108,636)</u>
<b>Total net position at end of year</b>	<u>\$ 6,048,052</u>	<u>\$ 1,191,415</u>	<u>\$ 138,388</u>	<u>\$ 7,377,855</u>	<u>\$ (454,432)</u>

The accompanying notes are an integral part of this statement.

**COUNTY OF VICTORIA, TEXAS**  
**STATEMENT OF CASH FLOWS - STATUTORY BASIS**  
**PROPRIETARY FUNDS**  
For the year ended December 31, 2013

	<u>Business-type Activities</u>			<u>Total</u>	<u>Governmental Activities- Internal Service Fund</u>
	<u>Airport</u>	<u>Navarro Project</u>	<u>Commissary</u>		
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Cash received from customers	\$ 2,846,064	\$ 546,705	\$ 155,632	\$ 3,548,401	\$ 2,943,518
Cash paid to suppliers for goods and services	(2,465,253)	(303,860)	(45,118)	(2,814,231)	(3,057,916)
Cash paid to employees for services	(657,851)	(112,526)	(54,688)	(825,065)	(252,611)
<b>Net cash provided (used) by operating activities</b>	<u>(277,040)</u>	<u>130,319</u>	<u>55,826</u>	<u>(90,895)</u>	<u>(367,009)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>					
Noncapital grants and contributions	88,548	-	-	88,548	-
Borrowing (repayments) to other funds	305,970	412,411	(45)	718,336	155,828
<b>Net cash provided (used) by noncapital financing activities</b>	<u>394,518</u>	<u>412,411</u>	<u>(45)</u>	<u>806,884</u>	<u>155,828</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Capital contributions	22,404	-	-	22,404	-
Acquisition and construction of capital assets	(90,461)	(14,210)	(5,258)	(109,929)	-
Principal paid on debt	(16,024)	(625,000)	-	(641,024)	-
Interest paid	-	(43,523)	-	(43,523)	-
<b>Net cash provided (used) by capital and related financing activities</b>	<u>(84,081)</u>	<u>(682,733)</u>	<u>(5,258)</u>	<u>(772,072)</u>	<u>-</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Investment income	98	-	326	424	746
<b>Net cash provided (used) by investing activities</b>	<u>98</u>	<u>-</u>	<u>326</u>	<u>424</u>	<u>746</u>
Net increase (decrease) in cash and cash equivalents	33,495	(140,003)	50,849	(55,659)	(210,435)
Cash and cash equivalents at beginning of year	5,916	140,003	32,071	177,990	210,435
<b>Cash and cash equivalents at end of year</b>	<u>\$ 39,411</u>	<u>\$ -</u>	<u>\$ 82,920</u>	<u>\$ 122,331</u>	<u>\$ -</u>



**COUNTY OF VICTORIA, TEXAS**  
**STATEMENT OF CASH FLOWS - STATUTORY BASIS**  
**PROPRIETARY FUNDS**  
For the year ended December 31, 2013

	<u>Business-type Activities</u>			<u>Total</u>	<u>Governmental Activities- Internal Service Fund</u>
	<u>Airport</u>	<u>Navarro Project</u>	<u>Commissary</u>		
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>					
Operating income (loss)	\$ (916,740)	\$ (110,789)	\$ 28,804	\$ (998,725)	\$ (346,542)
Adjustments to reconcile operating income to net cash provided by operating activities					
Depreciation	657,631	242,465	14,047	914,143	-
Changes in assets and liabilities					
(Increase) decrease in accounts receivable	(46,361)	-	6,410	(39,951)	2,621
(Increase) decrease in inventory	55,664	-	-	55,664	-
Increase (decrease) in accounts payable	(43,553)	1,221	6,156	(36,176)	(2,066)
Increase (decrease) in accrued expenses	4,816	2,070	306	7,192	1,539
Increase (decrease) in deposits	(3,000)	-	-	(3,000)	-
Increase (decrease) in unearned revenue	16,165	(4,445)	-	11,720	-
Increase (decrease) in compensated absences	(1,662)	(203)	103	(1,762)	-
Increase (decrease) in claims payable	-	-	-	-	(22,561)
Total adjustments	<u>639,700</u>	<u>241,108</u>	<u>27,022</u>	<u>907,830</u>	<u>(20,467)</u>
<b>Net cash provided (used) by operating activities</b>	<u>\$ (277,040)</u>	<u>\$ 130,319</u>	<u>\$ 55,826</u>	<u>\$ (90,895)</u>	<u>\$ (367,009)</u>
<b>Noncash capital and related financing activities</b>					
Assets acquired from contributions	<u>\$ 82,055</u>	<u>\$ 2,200</u>	<u>\$ -</u>	<u>\$ 84,255</u>	<u>\$ -</u>

The accompanying notes are an integral part of this statement.

**COUNTY OF VICTORIA, TEXAS**  
**STATEMENT OF NET POSITION**  
**FIDUCIARY FUNDS**  
December 31, 2013

	Private Purpose Trust	Agency Funds
<b>ASSETS</b>		
Cash and cash equivalents	\$ 46,163	\$ 11,180,947
Receivables (net)		
Other	-	92,700
Due from other governments	-	3,249
Seized assets	-	48,100
<b>Total assets</b>	<u>46,163</u>	<u>11,324,996</u>
<b>LIABILITIES</b>		
Liabilities		
Accounts payable	20,595	3,519,666
Due to other funds	21,191	-
Due to other governments	-	7,805,330
<b>Total liabilities</b>	<u>41,786</u>	<u>11,324,996</u>
<b>NET POSITION</b>		
Unrestricted	<u>\$ 4,377</u>	<u>\$ -</u>

The accompanying notes are an integral part of this statement.

**COUNTY OF VICTORIA, TEXAS**  
**STATEMENT OF CHANGES IN NET POSITION**  
**FIDUCIARY FUNDS**  
*For the year ended December 31, 2013*

	<u>Private Purpose Trust</u>
<b>ADDITIONS</b>	
Miscellaneous	
Participants' contributions	\$ <u>64,727</u>
<b>Total additions</b>	<u>64,727</u>
<b>DEDUCTIONS</b>	
General government	
Participants' withdrawals	<u>83,461</u>
<b>Total deductions</b>	<u>83,461</u>
Changes in net position	(18,734)
Net position - beginning	<u>23,111</u>
<b>Net position - ending</b>	<u>\$ 4,377</u>

The accompanying notes are an integral part of this statement.



**COUNTY OF VICTORIA, TEXAS**  
**STATEMENT OF NET POSITION**  
**COMPONENT UNITS**  
December 31, 2013

	Victoria County Navigation District	Victoria County Child Welfare Board	Citizens Medical Center	Total
<b>ASSETS</b>				
Current assets				
Cash and cash equivalents	\$ 11,902,887	\$ 82,847	\$ 101,190,369	\$ 113,176,103
Receivables (net)	1,819,421	-	10,052,508	11,871,929
Due from other governments	66,973	-	3,962,421	4,029,394
Supplies inventory	-	-	1,962,672	1,962,672
Prepaid items	-	-	1,372,740	1,372,740
<b>Total current assets</b>	<b>13,789,281</b>	<b>82,847</b>	<b>118,540,710</b>	<b>132,412,838</b>
Noncurrent assets				
Capital assets				
Land and other assets not being depreciated	19,481,868	-	13,641,983	33,123,851
Buildings, improvements, and equipment (net)	9,327,045	-	71,748,307	81,075,352
Other assets	-	-	3,464,022	3,464,022
<b>Total noncurrent assets</b>	<b>28,808,913</b>	<b>-</b>	<b>88,854,312</b>	<b>117,663,225</b>
<b>Total assets</b>	<b>42,598,194</b>	<b>82,847</b>	<b>207,395,022</b>	<b>250,076,063</b>
<b>LIABILITIES</b>				
Current liabilities				
Accounts payable	662,829	968	2,681,825	3,345,622
Accrued expenditures/expenses	-	-	7,965,169	7,965,169
Accrued interest payable	23,631	-	-	23,631
Unearned revenue	2,978,670	-	-	2,978,670
Current portion of long-term obligations	940,000	-	-	940,000
<b>Total current liabilities</b>	<b>4,605,130</b>	<b>968</b>	<b>10,646,994</b>	<b>15,253,092</b>
Noncurrent liabilities				
Noncurrent portion of long-term obligations	14,325,000	-	500,000	14,825,000
<b>Total noncurrent liabilities</b>	<b>14,325,000</b>	<b>-</b>	<b>500,000</b>	<b>14,825,000</b>
<b>Total liabilities</b>	<b>18,930,130</b>	<b>968</b>	<b>11,146,994</b>	<b>30,078,092</b>
<b>NET POSITION</b>				
Net investment in capital assets	19,164,972	-	85,390,290	104,555,262
Restricted for:				
Debt service	84,352	-	-	84,352
Unrestricted	4,418,740	81,879	110,857,738	115,358,357
<b>Total net position</b>	<b>\$ 23,668,064</b>	<b>\$ 81,879</b>	<b>\$ 196,248,028</b>	<b>\$ 219,997,971</b>

The accompanying notes are an integral part of this statement.

**COUNTY OF VICTORIA, TEXAS**  
**STATEMENT OF ACTIVITIES**  
**COMPONENT UNITS**  
For the year ended December 31, 2013

Function/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Component Units</b>				
Victoria County Navigation District	\$ 3,177,218	\$ 3,482,303	\$ 5,940	\$ -
Victoria County Child Welfare Board	39,056	3,802	-	-
Citizens Medical Center	<u>139,642,502</u>	<u>126,454,787</u>	<u>-</u>	<u>51,780</u>
Total component units	<u>\$ 142,858,776</u>	<u>\$ 129,940,892</u>	<u>\$ 5,940</u>	<u>\$ 51,780</u>

General revenues:

Taxes:

Property taxes, levied for general purposes

Property taxes, levied for debt service

Unrestricted investment earnings

Miscellaneous

Total general revenues

Change in net position

Net position - beginning, as restated

Net position - ending

The accompanying notes are an integral part of this statement.

Net (Expense) Revenue  
and Changes  
in Net Position

Component Units			
Victoria County Navigation District	Victoria County Child Welfare Board	Citizens Medical Center	Total
\$ 311,025	\$ -	\$ -	\$ 311,025
-	(35,254)	-	(35,254)
-	-	(13,135,935)	(13,135,935)
<u>311,025</u>	<u>(35,254)</u>	<u>(13,135,935)</u>	<u>(12,860,164)</u>
1,414,684	-	-	1,414,684
330,341	-	-	330,341
47,195	424	506,028	553,647
<u>1,049,932</u>	-	-	<u>1,049,932</u>
<u>2,842,152</u>	<u>424</u>	<u>506,028</u>	<u>3,348,604</u>
3,153,177	(34,830)	(12,629,907)	(9,511,560)
<u>20,514,887</u>	<u>116,709</u>	<u>208,877,935</u>	<u>229,509,531</u>
<u>\$ 23,668,064</u>	<u>\$ 81,879</u>	<u>\$ 196,248,028</u>	<u>\$ 219,997,971</u>





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**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The County of Victoria, Texas (the "County") is a political subdivision of the State of Texas (the "State"). The County is governed by the Commissioners' Court, composed of four (4) County Commissioners and the County Judge, all of whom are elected officials.

The Governmental Accounting Standards Board (GASB) is the accepted primary standard-setting body for establishing governmental accounting and financial reporting principles, to the extent that its rules do not conflict with State financial laws and the State Constitution. The codification of GASB Statements and Interpretations and any amendments thereto define the Governmental Accounting and Financial Reporting Standards that constitute generally accepted accounting principles (GAAP) for governmental units. GASB recognizes that the establishment of accounting standards for states and local governments, which were created by states, is a power retained by the states.

Prior to 2008, the County prepared financial statements in accordance with GAAP because it did not conflict with State financial laws and the State Constitution. However, the County has concluded that complying with recently issued GASB Statement No. 45 (GASB 45), *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions* (OPEB), would result in publishing financial statements that are materially misleading. It would also be inconsistent with State financial laws and misrepresent the nature, scope, and duration of the financial activities of the County.

Beginning in 2008, the County prepared its financial statements using the statutory basis of accounting provided by the State in Chapter 2264, Texas Government Code (Chapter 2264), Financial Accounting and Reporting (the "Statutory Basis"). This Statutory Basis is a comprehensive basis of accounting other than GAAP that is consistent with State financial laws and the State Constitution. The statutory accounting practices as prescribed in Chapter 2264 amend or supersede portions of GASB pronouncements.

The only departure from GAAP as a result of applying the Statutory Basis of accounting is in the accounting for and reporting of OPEB. GASB 45 requires state and local governments to establish standards for the measurement, recognition, and display of other postemployment benefits expense/expenditures, related liabilities, and note disclosures in the financial statements. The Statutory Basis differs from GAAP in that GAAP requires a government to report an OPEB liability even when the government has not promised or contracted to fund future benefits and when there is no legally enforceable liability. In other words, GASB 45 does not distinguish between a government that has a legally enforceable liability and a government that does not; nor does it distinguish between a government that has promised benefits and a government that has not. In addition, GASB stated in paragraph 77 of GASB 45, "...the Board affirmed its general presumptions, and that of other standards setters, that an employer that has established a *pattern of providing* postemployment benefits has accepted *responsibility to provide* those benefits". Such presumptions may result in materially misleading financial statements and may be contrary to State law and the actions of the government's governing body.

The Statutory Basis of accounting provides an accounting basis for the County to report any legally enforceable OPEB liability it may have incurred based on the County's "Substantive Plan". A Substantive Plan is defined in Chapter 2264 as a plan providing OPEB approved by the governing body of the plan provider according to the laws and Constitution of the State. The Statutory Basis is consistent with the definition and characteristics of a liability defined in GASB Concepts Statement No. 4, *Elements of Financial Statements* as a "present obligation to sacrifice resources that the government has little or no discretion to avoid". No promises of continuing retirement healthcare benefits beyond 2013 have been made to employees by the Commissioners' Court. The County has included communications both in information provided to employees and in the annual financial statements that specifically state that the decision to provide these benefits is made on an annual basis.

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**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

In summary, the County's presentation of OPEB in its financial statements using the Statutory Basis in Chapter 2264: (1) measures the cost of benefits according to their adoption by the government body of the County; (2) provides an accurate assessment of OPEB liabilities and the extent of their funding for the time period for which the benefits were adopted; and (3) provides information useful in assessing potential demands on the County's future cash flows.

Other significant accounting policies followed by the County are described below.

**A. Reporting Entity**

As required by GAAP, the County's financial statements present the County and its component units, entities for which the County is considered financially accountable. A component unit is included in the County's reporting entity if either of the following are applicable: (1) the County appoints a voting majority of the component unit's governing body and the County is able to impose its will on the component unit or there is potential for the component unit to provide specific financial benefits to or impose specific financial burdens on the County; (2) the component unit is fiscally dependent on the County and there is a potential for the component unit to provide specific financial benefits to, or impose specific financial burdens on the primary government. The County is required to consider other organizations for which the nature and significance of their relationship with the County are such that exclusion would cause the County's financial statements to be misleading or incomplete.

The component units discussed in this note are included in the County's financial statements because the Commissioners' Court appoints a voting majority of the organization's governing body and the County's ability to impose its will on the organizations.

**Component Units**

The component units' column in the financial statements includes the financial data of the County's three component units. They are reported as discretely presented component units in a separate column to emphasize that they are legally separate from the County.

**Victoria County Navigation District** - Established to oversee and regulate the maintenance and operations of the Victoria Barge Canal. The District is governed by a Board of Commissioners, each member of which is appointed by the Commissioners' Court of the County. The Commissioners' Court of Victoria also reviews and approves its annual budget. This entity is considered a Governmental Fund Type for the County's reporting purposes and uses the same fiscal year as the County.

**Victoria County Child Welfare Board** - Established to provide various child protective services to residents of the County. The Commissioners' Court of the County appoints each member of the entity's board of directors and reviews and approves its annual budget. The programs of the Board are jointly financed by the County and the State of Texas. This entity is considered a Governmental Fund Type for the County's reporting purposes and uses the same fiscal year as the County.

**Citizens Medical Center** - A 344-bed acute care hospital owned by the County and established to provide medical services to the residents of the County and surrounding areas. The Medical Center is governed by a board of directors, each member of which is appointed by the Commissioners' Court of the County. This Court also reviews and approves the annual operating budget of the Medical Center. Citizens Medical Center operates on a fiscal year ending June 30 of each year. The amounts reported for the Medical Center in the financial statements are as of June 30, 2013. The Medical Center is reported as a Proprietary Fund Type in the accompanying financial statements.

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**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

A. Reporting Entity - (Continued)

Complete financial statements for each of the above noted component units may be obtained by contacting their respective administrative offices at the following addresses:

Victoria County Navigation District  
1934 FM 1432  
Victoria, Texas 77905

Victoria County Child Welfare Board  
P.O. Box 2543  
Victoria, Texas 77902

Citizens Medical Center  
2701 Hospital Drive  
Victoria, Texas 77901

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all nonfiduciary activities of the County and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from its legally separate component units.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, discretely presented component units, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation - (Continued)

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The County considers property taxes as available if they are collected within 60 days after year-end. A 120 day availability period is used for recognition of all other Governmental Fund revenues. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, except for interest payable accrued at the debt issuance date for which cash is received with the debt proceeds, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

The revenues susceptible to accrual are property taxes, fines, licenses, charges for services, interest income and intergovernmental revenues. Sales taxes collected and held by the state and other third parties at year-end on behalf of the County are also recognized as revenue. All other revenue items are considered to be measurable and available only when cash is received by the County.

The 2013 tax levy is dedicated to pay for expenditures of the 2014 budget. The entire 2013 tax levy has either been recorded as unearned revenue or unavailable revenue as of December 31, 2013.

The County reports the following major governmental fund:

The General Fund is the County's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The County reports the following major proprietary funds:

Enterprise Funds are used to account for operations: 1) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or 2) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

The Airport Fund, an enterprise fund, accounts for the operations of and improvements to the County Airport.

The Navarro Project Fund, an enterprise fund, accounts for the operation of a large office complex which was purchased and renovated by the County for the primary use of the County Health Department. The building is also currently leasing space to other entities unrelated to the County.

Additionally, the County reports the following funds:

The Internal Service Fund accounts for the financing of goods or services provided by one department or agency to other departments or agencies of the County, or to other governments, on a cost-reimbursement basis. The County maintains one Internal Service Fund: Employee Health Insurance Fund.

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**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation - (Continued)

The Private Purpose Trust Fund, or the Flexible Benefits Plan, is used to account for amounts withheld from employee paychecks before FICA and withholding taxes are computed. All resources of the fund, including any earnings on invested resources, may be used to benefit parties outside the County. All the above is according to the plan document. The fund is excluded from the government-wide financial statements.

The Agency Funds account for resources held by the County as an agent for various governments and individuals. These resources include ad valorem taxes collected and to be distributed to other local governments, pass-through grants, various fines and fees to be distributed to other governments, etc. The funds are excluded from the government-wide financial statements.

The Special Revenue Funds account and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specific purposes other than debt service or capital projects.

The Debt Service Fund accounts for and report financial resources that are restricted, committed or assigned to expenditure for general government debt principal and interest.

The Capital Projects Fund accounts for and reports financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities or other capital assets. Capital Projects Funds exclude those types of capital-related outflows financed by proprietary funds or for assets that will be held in trust for individuals, private organizations, or other governments. The County maintains one Capital Projects Fund which accounts for the funding of various improvement projects and to pay for professional services related to bond issuance costs.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between various functions of the County. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include: 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the County's enterprise funds and internal service fund are charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first, then unrestricted resources as they are needed.

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**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

D. Budgets and Budgetary Accounting

The County Judge is, by statute, the budget officer of the County. After being furnished budget guidelines by the County Judge and Commissioners' Court, the County Auditor prepares an estimate of revenues and a compilation of requested departmental expenditures. Department officials appear before the County Judge and the County Auditor for departmental budget review. A proposed budget is prepared by the County Auditor, then submitted to the Commissioners' Court. Before determining the final budget, the Commissioners' Court may increase or decrease the amounts requested by the various departments. Amounts finally budgeted may not exceed the County Auditor's estimate of revenues and estimated cash balance at January 1 of the budgeted year.

Budgets are adopted for the General Fund, Road and Bridge Special Revenue Funds and the Debt Service Fund by the first regular session of the Commissioners' Court in September. All budgets adopted by the County are on the cash basis of accounting rather than in conformity with GAAP. Under the budgetary basis, revenues are recognized as collected and expenditures when paid.

When the budget has been adopted by the Commissioners' Court, the County Auditor is responsible for monitoring expenditures to keep them from exceeding budgeted appropriations and for keeping the members of the Commissioners' Court advised of the condition of the various funds and accounts. The level of control (the level on which expenditures may not exceed appropriations) for each legally adopted annual operating budget is on a line-item basis. Any amendments above the line-item level must have the approval of the Commissioners' Court before implementation. The line-item level of control is defined by the basic categories of salaries, fringe benefits, operating expenditures, other services and charges, capital outlay, and debt service.

Budget revenue amendments made during the year in the County's governmental funds netted an increase of \$1,771,164. Budget expenditure amendments in these funds netted an increase of \$2,260,616.

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed by the County as an extension of formal budgetary integration. Encumbrances outstanding at year-end are not reported as reservations of fund balances. All encumbered appropriations lapse at the end of the fiscal year. Encumbered appropriations are reappropriated in the ensuing year's budget.

E. Deposits and Investments

The County's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. Investments for the County are reported at fair value.

The County may invest its excess funds in any instruments authorized by the Public Funds Investment Act of Texas. Investments authorized under this Act include, but are not limited to, the following: Obligations of the United States or its agencies and instrumentalities; direct obligations of the State of Texas or its agencies and instrumentalities; collateralized mortgage obligations directly issued by a federal agency or instrumentality of the United States, the underlying security for which is guaranteed by an agency or instrumentality of the United States; other obligations, the principal and interest of which are unconditionally guaranteed or insured by, or backed by the full faith and credit of, the State of Texas or the United States or their respective agencies and instrumentalities; certificates of deposit issued by a state or financial institution domiciled in the State of Texas which is guaranteed or insured by the Federal Deposit Insurance Corporation (FDIC) or otherwise secured; and certain repurchase agreements.

The Commissioners' Court has adopted a written investment policy regarding the investment of its funds as defined by the Public Funds Investment Act of 1995. The investments of the County are in compliance with the Commissioners' Court's investment policies.



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**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

F. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds". Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances". Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

All trade and property tax receivables are shown net of an allowance for uncollectibles.

G. Inventory and Prepaid Items

Inventories of supplies held by the Airport Fund, an enterprise fund, are valued at the lower of cost (first-in, first-out) or market. Estimated cost is used when actual cost figures are not available.

Certain payments to vendors reflect costs applicable to future accounting periods. These payments are reported as deferred expenditures (governmental funds) or prepaid expenses (proprietary funds) in the fund financial statements and as deferred expenditures/expenses in the government-wide statements.

H. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide statement of net position. The County defines capital assets, other than infrastructure assets, as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. The County reports infrastructure assets on a system basis. Accordingly, the amounts spent for the construction or acquisition of infrastructure assets are capitalized and reported regardless of their amount. In the case of the initial capitalization of general infrastructure assets, the County chose to include all such items acquired on or after January 1, 2003. The County reported infrastructure assets acquired prior to January 1, 2003, beginning in year ending December 31, 2007.

As the County constructs or acquires capital assets each period, they are capitalized and reported at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is capitalized when acquired with tax-exempt debt. The amount of interest to be capitalized is calculated by offsetting interest expense incurred during the period of construction until completion of the project with interest earned on invested proceeds over the same period.

Property, plant, and equipment of the primary government is depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	10-50
Improvements other than buildings	10-50
Infrastructure	20-40
Machinery and equipment	5-15
Office equipment and fixtures	5-10

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**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

I. Compensated Absences

Paid time off or PTO benefits are accrued by County employees according to guidelines set in the County's personnel policy. This policy states that PTO begins to accrue on the first day of employment. However, a new hire (regular 40 hour employee) may not begin to use their accrued PTO until they have completed six months of continuous service (with the exception of Public Safety employees, PTO is available after the first bi-weekly accrual). Each employee will thereafter accrue PTO according to the number of years of continuous service. Upon termination of employment, if the employee has completed one year of service, he or she will be paid for accrued but unused PTO. The payment of unused PTO may not exceed 80 hours. All PTO is accrued when incurred in the government-wide and proprietary financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

J. Long-term Obligations

In the government-wide financial statements, and in proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs and deferred losses on refunding as expenditures/expenses, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

K. Deferred Outflows/Inflows of Resources

The statement of net position reports a separate section for deferred outflows of resources which follows the asset section. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The County only has one item that qualifies for reporting in this category. It is the deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. These amounts are deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of net position also reports a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The government has only one type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from a variety of sources and are further defined in Note 4. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

---

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

L. Fund Equity

Fund balances of Governmental Funds classified as restricted are balances with constraints placed on the use of resources by creditors, grantors, contributors or laws or regulations of other governments. Fund balances classified as committed can only be used for specific purposes pursuant to constraints imposed by the Commissioners Court through a resolution or by other formal action. Assigned fund balances are constrained by intent to be used for specific purposes but are neither restricted nor committed. Assignments can be made by the Commissioners Court or by a Court designee (e.g., a department head).

M. Net Position/Fund Balance Flow Assumption

For the classification of government-wide and proprietary fund financial statements, it is the County's policy to consider restricted net position before unrestricted net position. For governmental fund balances, the County considers an expenditure to be made from the most restrictive first when more than one classification is available. However, the County has reserved the right to deviate from this general strategy.

N. Minimum Fund Balance Policy

It is the desire of the County to maintain adequate General Fund fund balance to provide sufficient working capital and a margin of safety to address local and regional emergencies without borrowing. The Commissioners Court has adopted a financial standard to maintain an unassigned General Fund fund balance of 18 - 25 percent of the total budgeted expenditures.

The Commissioners Court has also adopted a financial standard to maintain a restricted Debt Service Fund fund balance of 10 - 25 percent of the following year's debt service requirements, to be used for debt service expenditures.

O. Use of Estimates

The preparation of the government-wide and fund financial statements in conformity with generally accepted accounting principles requires the County to make estimates and assessments that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of financial statements and the reported amounts of revenues and expenditures during the reporting period. Accordingly, actual results could differ from those estimates.

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**NOTE 2: STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY****A. Deficit Fund Equity**

As of December 31, 2013, the following funds had deficit equity balances:

<u>Fund</u>	<u>Fund Balance/ Net Position</u>
Nonmajor Funds	
CDA Processing Fee	\$ 3,141
Law Library	1,913
Internal Service Fund	
Employee Health Insurance	454,432

Steps will be taken to eliminate these deficits in the upcoming fiscal year.

**NOTE 3: DEPOSITS AND INVESTMENTS****Interest Rate Risk**

In accordance with the County's investment policy, the County manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio for investments to less than five years from the time of purchase. Specifically, investments of operating funds must have stated final maturities of three years or less and investments in capital project funds must have stated final maturities that do not exceed the expected completion date of the project for which the bonds were sold. The money market funds are redeemable in full immediately and therefore do not have a stated weighted average maturity.

**Credit Risk**

Credit risk is the risk that an issuer or counterparty to an investment will not fulfill its obligations. The ratings of securities by nationally recognized rating agencies are designed to give an indication of credit risk. It is the County's policy to limit its investments to those with ratings of not less than A or its equivalent. At December 31, 2013, the County was not exposed to credit risk.

**Concentration of Credit Risk**

The County's investment policy requires that the investment portfolio shall be diversified in terms of investment instruments, maturity scheduling, and financial institutions to reduce the risk of loss resulting from over concentration of assets in a specific class of investments, specific maturity or specific user. At year-end, the County was not exposed to concentration of credit risk.

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**NOTE 3: DEPOSITS AND INVESTMENTS - (Continued)****Custodial Credit Risk - Deposits**

In the case of deposits, this is the risk that in the event of a bank failure, the County's deposits may not be returned to it. The County's investment policy requires that deposits at financial institutions be insured by the FDIC and/or collateralized by securities pledged to the County by the depository in an amount equal to at least 103% of the carrying value of deposits held. During the fiscal year and at year-end, all deposits held in the depository bank were fully collateralized and therefore the County was not exposed to custodial credit risk.

**Custodial Credit Risk - Investments**

For an investment, this is the risk that, in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The County's investment policy requires that securities be held in the name of the County or held on behalf of the County and that all securities are purchased using the delivery versus payment method. As of December 31, 2013, and for the year then ended, the County was not exposed to any custodial credit risk.

Please see Notes 21, 22, and 23 for discussions relative to the cash deposits of the County's three component units.

**NOTE 4: RECEIVABLES**

Receivables at December 31, 2013, for the County's individual major funds and nonmajor and internal service funds in the aggregate, including the applicable allowances for uncollectible accounts are as follows:

	<u>General</u>	<u>Airport</u>	<u>Commissary</u>	<u>Nonmajor and Other Funds</u>	<u>Total</u>
Gross receivables					
Ad valorem taxes	\$ 13,488,444	\$ -	\$ -	\$ 3,313,935	\$ 16,802,379
Sales taxes	1,798,594	-	-	-	1,798,594
Fines	8,969,194	-	-	-	8,969,194
Other	50,760	126,121	14,644	116,991	308,516
Total gross receivables	24,306,992	126,121	14,644	3,430,926	27,878,683
Less: Allowances	7,773,840	-	-	165,697	7,939,537
Total net receivables	<u>\$ 16,533,152</u>	<u>\$ 126,121</u>	<u>\$ 14,644</u>	<u>\$ 3,265,229</u>	<u>\$ 19,939,146</u>

The only receivables not expected to be collected within one year are \$300,232 of fines receivable reported in the General Fund.

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**NOTE 4: RECEIVABLES - (Continued)**

The County's governmental funds report unavailable revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. The governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of unavailable revenue and unearned revenue reported in the governmental funds were as follows:

	<u>Unavailable</u>	<u>Unearned</u>	<u>Total</u>
General Fund			
Ad valorem taxes receivable	\$ 20,018,410	\$ -	\$ 20,018,410
Fines receivable	2,005,718	-	2,005,718
Other	-	8,213	8,213
Nonmajor Funds			
Ad valorem taxes receivable	5,096,645	-	5,096,645
Other	-	94,876	94,876
	<u>\$ 27,120,773</u>	<u>\$ 103,089</u>	<u>\$ 27,223,862</u>

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on October 1 and payable by the following January 31, which comprises the collection dates for the current tax roll. The County of Victoria Tax Assessor-Collector bills and collects its own property taxes.

The County is permitted by State Statute to levy taxes up to \$0.80 per \$100 of assessed valuation. The combined tax rate for the budgetary year ended December 31, 2013, was \$0.3986 per \$100, which means the County has a tax margin of \$0.4014 per \$100.

**NOTE 5: DUE FROM OTHER GOVERNMENTS**

Various funds of the County reported amounts due from other governments as of the end of the current year. These amounts are comprised of the following at December 31, 2013:

	<u>General</u>	<u>Nonmajor and Other Funds</u>	<u>Total</u>
Contract reimbursements	\$ 406,065	\$ 123,444	\$ 529,509
Federal and state grants	14,455	1,288,866	1,303,321
Alcohol and bingo taxes	66,530	-	66,530
	<u>\$ 487,050</u>	<u>\$ 1,412,310</u>	<u>\$ 1,899,360</u>

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**NOTE 6: CAPITAL ASSETS**

The County's capital asset activity for the year ended December 31, 2013, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Governmental activities</b>				
Capital assets, not being depreciated				
Land	\$ 2,302,794	\$ 163,548	\$ -	\$ 2,466,342
Construction in progress	-	41,245	-	41,245
Total capital assets not being depreciated	<u>2,302,794</u>	<u>204,793</u>	<u>-</u>	<u>2,507,587</u>
Capital assets, being depreciated				
Machinery and equipment	16,754,699	1,639,073	2,149,344	16,244,428
Buildings	18,738,070	1,015,898	-	19,753,968
Improvements	17,110,299	212,780	-	17,323,079
Infrastructure	<u>115,084,146</u>	<u>-</u>	<u>-</u>	<u>115,084,146</u>
Total capital assets being depreciated	<u>167,687,214</u>	<u>2,867,751</u>	<u>2,149,344</u>	<u>168,405,621</u>
Less accumulated depreciation for				
Machinery and equipment	10,032,574	1,239,027	1,897,508	9,374,093
Buildings	8,756,358	354,086	-	9,110,444
Improvements	9,511,146	595,813	-	10,106,959
Infrastructure	<u>113,525,098</u>	<u>75,100</u>	<u>-</u>	<u>113,600,198</u>
Total accumulated depreciation	<u>141,825,176</u>	<u>2,264,026</u>	<u>1,897,508</u>	<u>142,191,694</u>
Total capital assets being depreciated, net	<u>25,862,038</u>	<u>603,725</u>	<u>251,836</u>	<u>26,213,927</u>
Governmental activities capital assets, net	<u>\$ 28,164,832</u>	<u>\$ 808,518</u>	<u>\$ 251,836</u>	<u>\$ 28,721,514</u>

**NOTE 6: CAPITAL ASSETS - (Continued)**

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Business-type activities</b>				
Capital assets, not being depreciated				
Land	\$ 149,433	\$ -	\$ -	\$ 149,433
Construction in progress	<u>653,672</u>	<u>10,986</u>	<u>653,672</u>	<u>10,986</u>
Total capital assets not being depreciated	<u>803,105</u>	<u>10,986</u>	<u>653,672</u>	<u>160,419</u>
Capital assets, being depreciated				
Machinery and equipment	786,050	144,849	36,881	894,018
Buildings	2,478,519	-	-	2,478,519
Improvements	<u>17,585,222</u>	<u>664,433</u>	<u>-</u>	<u>18,249,655</u>
Total capital assets being depreciated	<u>20,849,791</u>	<u>809,282</u>	<u>36,881</u>	<u>21,622,192</u>
Less accumulated depreciation for				
Machinery and equipment	531,274	141,918	26,380	646,812
Buildings	2,035,516	74,757	-	2,110,273
Improvements	<u>9,620,633</u>	<u>779,530</u>	<u>-</u>	<u>10,400,163</u>
Total accumulated depreciation	<u>12,187,423</u>	<u>996,205</u>	<u>26,380</u>	<u>13,157,248</u>
Total capital assets being depreciated, net	<u>8,662,368</u>	<u>(186,923)</u>	<u>10,501</u>	<u>8,464,944</u>
Business-type activities capital assets, net	<u>\$ 9,465,473</u>	<u>\$ (175,937)</u>	<u>\$ 664,173</u>	<u>\$ 8,625,363</u>

Depreciation expense was charged to functions/programs of the County as follows:

<b>Governmental activities</b>	
General government	\$ 648,123
Public safety	1,097,191
Highways and streets	412,126
Culture and recreation	51,123
Public health	<u>55,463</u>
Total depreciation expense - governmental activities	<u>\$ 2,264,026</u>
<b>Business-type activities</b>	
Airport	\$ 657,631
Commissary	242,465
Navarro project	<u>14,047</u>
Total depreciation expense - business-type activities	<u>\$ 914,143</u>



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**NOTE 7: LESSOR AGREEMENTS**

The Airport Fund, a major enterprise fund, leases land and buildings to various unrelated third parties. Approximately 25% of the Airport Fund's capital assets are used to operate the Airport activities. The total cost of the buildings is \$1,111,046 and the carrying value is \$26,382. The total cost of the improvements to the land and buildings is \$14,935,142 and the carrying value is \$6,723,408. Accumulated depreciation on all assets in the Airport Fund is \$9,858,479. Following is an analysis of minimum future rentals due the Airport Fund under noncancelable lease agreements as of December 31, 2013:

<u>Year Ending December 31</u>	
2014	\$ 189,540
2015	191,218
2016	191,955
2017	38,876
2018	<u>38,876</u>
	650,465
Thereafter	<u>228,561</u>
	<u>\$ 879,026</u>

The Navarro Project Fund, a major enterprise fund, also leases building space. Approximately 50% of the building space is used by the Victoria City/County Health Department. The remaining 50% is leased to various unrelated third parties. The total cost of the building leased is \$1,367,473 and the carrying value is \$341,864. The total cost of the improvements to the building leased is \$3,314,513 and the carrying value is \$1,126,084. Accumulated depreciation on all leased assets in the Navarro Project Fund is \$3,240,840. Following is an analysis of minimum future rentals due the Navarro Project Fund under noncancelable lease agreements as of December 31, 2013:

<u>Year Ending December 31</u>	
2014	\$ 54,780
2015	47,460
2016	37,740
2017	11,500
2018	<u>-</u>
	151,480
Thereafter	<u>-</u>
	<u>\$ 151,480</u>

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**NOTE 8: EMPLOYEES' RETIREMENT PLAN**

The County provides retirement, disability, and death benefits for all of its full-time employees through a nontraditional defined benefit pension plan in the statewide Texas County and District Retirement System (TCDRS). The Board of Trustees of TCDRS is responsible for the administration of the statewide agent multiple-employer public employee retirement system consisting of 641 nontraditional defined benefit pension plans. TCDRS in the aggregate issues a comprehensive annual financial report (CAFR) on a calendar year basis. The CAFR is available upon written request from the TCDRS Board of Trustees at P. O. Box 2034, Austin, Texas 78768-2034.

The plan provisions are adopted by the governing body of the employer, within the options available in the Texas state statutes governing TCDRS (TCDRS Act). Members can retire at ages 60 and above with eight or more years of service, with 20 years of service regardless of age, or when the sum of their age and years of service equals 75 or more. Members are vested after eight years of service but must leave their accumulated contributions in the plan to receive any employer-financed benefit. Members can withdraw contributions in a lump sum via partial payments; however, these members are not entitled to any amounts contributed by their employer.

Benefit amounts are determined by the sum of the employee's contributions to the plan, with interest, and employer-financed monetary credits. The level of these monetary credits is adopted by the governing body of the employer within the actuarial constraints imposed by the TCDRS Act so that the resulting benefits can be expected to be adequately financed by the employer's commitment to contribute. At retirement, death, or disability, the benefit is calculated by converting the sum of the employee's accumulated contributions and the employer-financed monetary credits to a monthly annuity using annuity purchase rates prescribed by the TCDRS Act.

A. Funding Policy

The employer has elected the annually determined contribution rate (Variable-Rate) plan provisions of the TCDRS Act. The plan is funded by monthly contributions from both employee members and the employer based on the covered payroll of employee members. Under the TCDRS Act, the contribution rate of the employer is actuarially determined annually. It was 11.78% for calendar year 2013. The deposit rate payable by the employee members is the rate of 6.00% as adopted by the governing body of the employer. The employee deposit rate and the employer contribution rate may be changed by the governing body of the employer within the options available in the TCDRS Act.

B. Annual Pension Cost

For the employer's accounting year ending December 31, 2013, the annual pension cost for the TCDRS plan for its employees was \$2,983,883 and the actual contributions were \$2,983,883.

The required contribution was determined as part of the December 31, 2012 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions at December 31, 2012 included (a) 8.0 percent investment rate of return (net of administrative expenses), and (b) projected salary increases of 5.4 percent. Both (a) and (b) included an inflation component of 3.5 percent. The actuarial value of assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a ten-year period. The unfunded actuarial accrued liability is being amortized as a level percentage of payroll on a closed basis. The remaining amortization period at December 31, 2012 was 20 years.

**NOTE 8: EMPLOYEES' RETIREMENT PLAN - (Continued)**

**C. Actuarial Valuation and Trend Information**

	<b>Actuarial Valuation Information</b>		
	<u>12/31/10</u>	<u>12/31/11</u>	<u>12/31/12</u>
Actuarial cost method	entry age	entry age	entry age
Amortization method	level percentage of payroll, closed	level percentage of payroll, closed	level percentage of payroll, closed
Amortization period in years	20.0	20.0	20.0
Asset valuation method	SAF; 10-yr smoothed value ESF; Fund value	SAF; 10-yr smoothed value ESF; Fund value	SAF; 10-yr smoothed value ESF; Fund value
<b>Assumptions:</b>			
Investment return <sup>(1)</sup>	8.00%	8.00%	8.00%
Projected salary increases <sup>(1)</sup>	5.40%	5.40%	5.40%
Inflation	3.50%	3.50%	3.50%
Cost of living adjustments	0.00%	0.00%	0.00%

<sup>(1)</sup> includes inflation at the stated rate

**Trend Information for the Retirement Plan for the Employees of the County of Victoria, Texas**

<u>Fiscal Year Ending December 31</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
2011	\$ 1,727,550	100%	\$ -
2012	2,346,105	100%	-
2013	2,983,883	100%	-

**Schedule of Funding Progress for the Retirement Plan for the Employees of the County of Victoria, Texas**

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL)</u>	<u>Unfunded AAL (UAAL)</u>	<u>Funded Ratio</u>	<u>Annual Covered Payroll <sup>(1)</sup></u>	<u>UAAL as a Percentage of Covered Payroll</u>
	(a)	(b)	(b-a)	(a/b)	(c)	((b-a)/c)
12/31/2008	\$ 55,248,498	\$ 66,350,474	\$ 11,101,976	83.27%	\$ 22,538,550	49.26%
12/31/2009	62,600,325	73,171,534	10,571,209	85.55%	23,807,032	44.40%
12/31/2010	64,270,343	76,879,516	12,609,173	83.60%	23,877,175	52.81%
12/31/2011	65,989,947	81,258,057	15,268,110	81.21%	23,469,448	65.06%
12/31/2012	68,639,613	85,146,527	16,506,914	80.61%	24,361,762	67.76%

<sup>(1)</sup> The annual covered payroll is based on the employee contributions received by TCDRS for the year ending with the valuation date.

The schedule of funding progress, presented as Required Supplementary Information (RSI) following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

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**NOTE 9: GROUP TERM LIFE FUND****A. Plan Description**

The County participates in a cost-sharing multiple-employer defined-benefit group-term life insurance plan operated by TCDRS. This plan is referred to as the Group Term Life Fund (GTLF). This optional plan provides group term life insurance coverage to current eligible employees and, if elected by employers, to retired employees. The coverage provided to retired employees is a postemployment benefit other than pension benefits (OPEB). Retired employees are insured for \$5,000.

The GTLF is a separate trust administered by the TCDRS board of trustees. TCDRS issues a publicly available CAFR that includes financial statements and required supplementary information for the GTLF. This report may be obtained by writing to the TCDRS, P.O. Box 2034, Austin, TX 78768-2034, or by calling 800-823-7782. TCDRS' CAFR is also available at [www.tcdrs.org](http://www.tcdrs.org).

**B. Funding Policy**

Each participating employer contributes to the GTLF at a contractually required rate. An annual actuarial valuation is performed and the contractual rate is determined using the unit credit method for providing one-year term life insurance. The County contributions to the GTLF for the years ended December 31, 2013, 2012, and 2011, were \$70,929, \$65,768, and \$74,219, respectively, which equaled the contractually required contributions each year.

**NOTE 10: OTHER POST EMPLOYMENT BENEFITS**

In addition to providing pension benefits, the County provides its retirees with post employment health care benefits. In order for a County employee to be eligible for this benefit, their age combined with their years of service must equal seventy-five (75), or they must have attained the age of sixty (60) and with eight (8) years of service, or they must have twenty (20) or more years of service with Victoria County and can retire at any age with full benefits.

The County pays 45.16% of the premium cost for each retiree under the age of 65 provided they worked for Victoria County for eight (8) or more years. If the retiree worked less than eight (8) years for Victoria County the County will not pay any of the premium cost. The County does not contribute to the premium cost for dependents who may be covered under the retiree's (under 65) health insurance plan.

The County pays 50% of the premium cost for medical coverage only for each retiree over the age of 65. The County does not contribute to the premium cost for dependents for retirees over the age of 65.

Other post employment benefits are expensed and funded on a pay-as-you-go basis. The County recognizes the cost of providing these benefits as a payroll expense/expenditure in an operating fund with corresponding revenue in the Employee Health Insurance Fund. Payments for health insurance are shown as an expense in the Employee Health Insurance Fund. The cost of providing these benefits for 62 and 62 retirees and active employees for the years 2013 and 2012, respectively, is not separated. Total payments to the Employee Health Insurance Fund by retirees were \$114,209 in 2013 and \$115,175 in 2012.

**NOTE 11: EMPLOYEES' HEALTH INSURANCE FUND**

The County maintains a self-insurance internal service fund designed to pay comprehensive health benefits incurred by its participants. The fund assumes all risk up to \$85,000 of claims per participant annually; after this a reinsurance policy pays any remaining claims for the remainder of the year. Premiums are charged to the individual funds based on a predetermined cost per employee and dependent. These amounts are recorded as operating revenue in the internal service fund and as operating expenditures/expenses in the respective funds. Any claims that have been incurred, but not reported, as of the balance sheet date are shown as current liabilities in the internal service fund and have been charged as an operating expense for that period. This amount was determined by the County's health plan administrator.

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**NOTE 11: EMPLOYEES' HEALTH INSURANCE FUND - (Continued)**

As of December 31, 2013, the fund had estimated liabilities for outstanding claims of \$178,351. There was a negative unrestricted net position of \$454,432 as of December 31, 2013, a decrease of \$345,796 from 2012.

Below is a reconciliation of claims liabilities reported in the Employee's Health Insurance Fund for the years noted:

<u>Year</u>	<u>Payable Jan 1</u>	<u>Incurred</u>	<u>Paid</u>	<u>Payable Dec 31</u>
2003	\$ 378,791	\$ 1,635,920	\$ 1,742,013	\$ 272,698
2004	272,698	1,663,809	1,315,452	621,055
2005	621,055	1,548,112	1,951,610	217,557
2006	217,557	2,969,408	2,903,915	283,050
2007	283,050	1,995,710	1,807,241	471,519
2008	471,519	2,132,631	2,366,400	237,750
2009	237,750	2,765,719	2,851,515	151,954
2010	151,954	3,197,262	3,160,848	188,368
2011	188,368	1,734,895	1,756,765	166,498
2012	166,498	2,423,413	2,388,999	200,912
2013	200,912	2,343,056	2,365,617	178,351

The above schedule reflects only those claims for which the County was liable. Information on claims paid by the insurance carrier under the reinsurance policy was not available. Settled claims resulting from insured risks have not exceeded insurance coverage in any of the past three fiscal years.

**NOTE 12: DEFERRED COMPENSATION PLAN**

The County offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all County employees, permits them to defer a portion of their salary until future years. Except in specified circumstances, the deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

During 1998, the County transferred plan assets to an independent trust for the exclusive benefit of the participants and their beneficiaries.

**NOTE 13: RISK MANAGEMENT**

The County is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County purchased commercial insurance to cover risks associated with potential claims in 2013. There were no significant reductions in coverage in the past fiscal year, and there were no settlements exceeding insurance coverage for each of the past three fiscal years.

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**NOTE 14: LONG-TERM DEBT****A. Changes In Long-term Liabilities**

Long-term liability activity for the year ended December 31, 2013, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Governmental activities</b>					
Bonds and certificates payable					
Certificates of obligation	\$ 7,995,000	\$ -	\$ 325,000	\$ 7,670,000	\$ 330,000
General obligation bonds	2,340,000	-	975,000	1,365,000	440,000
Less: Deferred amounts					
Issuance discount	(42,588)	-	(2,475)	(40,113)	-
Issuance premiums	229,289	-	29,891	199,398	-
Net bonds and certificates payable	<u>10,521,701</u>	<u>-</u>	<u>1,327,416</u>	<u>9,194,285</u>	<u>770,000</u>
Capital leases payable	<u>65,870</u>	<u>235,085</u>	<u>65,870</u>	<u>235,085</u>	<u>50,353</u>
Interlocal commitment	<u>2,616,446</u>	<u>-</u>	<u>-</u>	<u>2,616,446</u>	<u>57,385</u>
Compensated absences	<u>1,238,717</u>	<u>2,514,266</u>	<u>2,433,811</u>	<u>1,319,172</u>	<u>627,036</u>
Total governmental activity long-term liabilities	<u>\$ 14,442,734</u>	<u>\$ 2,749,351</u>	<u>\$ 3,827,097</u>	<u>\$ 13,364,988</u>	<u>\$ 1,504,774</u>
<b>Business-type activities</b>					
Bonds					
Revenue bonds	\$ 625,000	\$ -	\$ 625,000	\$ -	\$ -
Less: Deferred amounts					
Issuance discount	(1,394)	-	(1,394)	-	-
Net bonds payable	<u>623,606</u>	<u>-</u>	<u>623,606</u>	<u>-</u>	<u>-</u>
Capital leases payable	<u>46,240</u>	<u>-</u>	<u>16,024</u>	<u>30,216</u>	<u>16,500</u>
Compensated absences	<u>25,512</u>	<u>65,900</u>	<u>67,661</u>	<u>23,751</u>	<u>15,191</u>
Total business-type activity long-term liabilities	<u>\$ 695,358</u>	<u>\$ 65,900</u>	<u>\$ 707,291</u>	<u>\$ 53,967</u>	<u>\$ 31,691</u>

For the governmental activities, compensated absences are generally liquidated by the General Fund.

**NOTE 14: LONG-TERM DEBT - (Continued)**

**B. General Obligation Certificates and Bonds**

Long-term liabilities at December 31, 2013, are comprised of the following issues:

\$8,500,000 2010 Certificates of Obligation (Radio System and Sheriff's Office) due in annual installments ranging from \$330,000 to \$605,000 through 2030; interest varying between 2.00% and 4.00%.	\$ 7,670,000
\$3,830,000 2010 General Obligation Refunding Bonds due in annual installments ranging from \$440,000 to \$470,000 through 2016; interest varying between 2.00% and 3.00%.	<u>1,365,000</u>
Total general obligation debt	<u>\$ 9,035,000</u>

Year Ending December 31	Governmental Activities		
	Principal	Interest	Total
2014	\$ 770,000	\$ 320,050	\$ 1,090,050
2015	795,000	298,225	1,093,225
2016	825,000	272,150	1,097,150
2017	370,000	250,600	620,600
2018	380,000	237,500	617,500
2019-2023	2,125,000	969,076	3,094,076
2024-2028	2,585,000	504,100	3,089,100
2029-2030	1,185,000	47,900	1,232,900
	<u>\$ 9,035,000</u>	<u>\$ 2,899,601</u>	<u>\$ 11,934,601</u>

**C. Capital Leases**

Capital leases payable at December 31, 2013, are comprised of the following individual leases:

Lease purchase agreement on a motor grader used by Precinct #4. The original amount of the lease, entered into in 2013, was \$235,085. The lease is payable in five annual installments of \$51,734 and bears interest at a rate of 4.70%.	\$ 235,085
The original amount of the lease, entered into in 2012, was \$49,500. The lease is payable over three years and is based on a minimum annual fuel volume of 350,000 gallons at \$0.033 per gallon with the anticipation of reaching a total of 1,500,000 gallons.	<u>30,216</u>
Total capital leases	<u>\$ 265,301</u>

**NOTE 14: LONG-TERM DEBT - (Continued)**

C. Capital Leases - (Continued)

Year Ending December 31	Governmental Activities	Business-type Activities	Total
2014	\$ 51,734	\$ 16,500	\$ 68,234
2015	51,734	13,716	65,450
2016	51,734	-	51,734
2017	51,734	-	51,734
2018	51,734	-	51,734
Total minimum lease payments	258,670	30,216	\$ 288,886
Less: Amount representing interest	(23,585)	-	(23,585)
Present value of minimum lease payments	<u>\$ 235,085</u>	<u>\$ 30,216</u>	<u>\$ 265,301</u>

D. Interlocal Commitment

In February 2010, the County agreed to pay funds (\$3.3 million) to the City of Victoria, Texas (the "City") to assist with the financing of the State Highway Loop 463 Improvement Project ("Project"). According to the agreement, the City is responsible to oversee the construction of the Project with assistance from the Texas Department of Transportation ("TxDOT") and to finance the costs of the Project with indebtedness to be issued by the City. In April 2011, the City issued the 2011 Pass-Through Toll Revenue and Limited Tax Bonds in the amount of \$9,740,000 with interest varying between 2.00 and 4.00% for the purpose of paying their obligation arising under the agreement. The payments by the County to the City would be paid over eleven years, \$300,000 per annum, beginning in 2014 and continuing through 2024. The payments are to be made on or before February 1 of each year at an interest rate of approximately 3.00%. The cost of the Project was estimated to be \$22,980,000 and if the costs for the Project come in less than the estimated amount by more than 20.113685814%, the County's total obligation of \$3,300,000 would be reduced by 50% of the savings. The remaining costs of the Project will be contributed by TxDOT.

The County has reported the interlocal commitment as a long-term obligation on the government-wide financial statements at and as of December 31, 2013. The County intends to service the commitment by the levy of the debt service property tax rate.

Annual requirements on this long-term interlocal commitment are as follows:

Year Ending December 31	Governmental Activities		
	Principal	Interest	Total
2014	\$ 57,385	\$ 242,615	\$ 300,000
2015	223,228	76,772	300,000
2016	229,925	70,075	300,000
2017	236,823	63,177	300,000
2018	243,927	56,073	300,000
2019-2023	1,333,896	166,104	1,500,000
2024	291,262	8,738	300,000
	<u>\$ 2,616,446</u>	<u>\$ 683,554</u>	<u>\$ 3,300,000</u>



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**NOTE 15: PRIOR YEAR DEFEASANCE OF DEBT**

In 2010 the County defeased certain general obligation bonds and certificates of obligation by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability of the bonds are not included in the County's financial statements. At December 31, 2013, \$1,395,000 of bonds outstanding is considered defeased.

**NOTE 16: INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS****A. Interfund Receivables and Payables**

At times during the fiscal year the various funds of the County were involved in transactions that created interfund receivable and payable balances. These transactions related to such things as the purchase of goods by one fund on behalf of another and the receipt of revenue in one fund that belongs to or is designated for another fund. In addition to the short-term amounts, the General Fund began making long-term loans to the Airport Fund, a proprietary enterprise fund type, during 2010 and the Navarro Project Fund, another proprietary enterprise fund type, in 2013. These unpaid loan amounts were \$1,326,036 at December 31, 2013 and are being used to finance the operations of the Airport and the Navarro Project.

Interfund receivable and payable balances as of December 31, 2013, were as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Nonmajor Governmental	\$ 818,660
	Airport	21,648
	Commissary	98
	Internal Service	155,947
	Private Purpose Trust	21,191
Total		<u>\$ 1,017,544</u>
Advances from/to other funds:		
<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Airport	\$ 911,597
	Navarro Project	414,439
Total		<u>\$ 1,326,036</u>

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**NOTE 16: INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS - (Continued)****B. Interfund Transfers**

Each year various funds of the County transfer funds to other funds. The most significant of these are the planned transfers from the County's General Fund to the Health Department Fund, a Special Revenue Fund. These transfers are intended to provide the necessary resources to meet the operating obligations of the receiving fund. During the current fiscal year, transfers between funds consisted of the following:

<u>Transfers Out</u>	<u>Transfers In</u>		
	<u>General</u>	<u>Nonmajor Governmental</u>	<u>Total</u>
General	\$ -	\$ 1,511,924	\$ 1,511,924
Nonmajor Governmental	46,980	48,242	95,222
	<u>\$ 46,980</u>	<u>\$ 1,560,166</u>	<u>\$ 1,607,146</u>

**NOTE 17: COMMITMENTS AND CONTINGENCIES**

The County is exposed to the risk of contingent liabilities in the ordinary course of its operations. Specifically, such risks arise as a result of the County's participation in various state and federal grant programs and as a result of threatened and pending litigation. Disallowed costs could result if County expenditures made under its grants programs are found to be improper in that they violate state or federal regulations. Such disallowed costs would have to be paid back to the granting agency from the County's General Fund. The County is not aware of any costs that have been disallowed in the current year and does not anticipate that any will be.

As of December 31, 2013, the County was involved in various matters of litigation. It is the opinion of the County's legal counsel that any exposure faced by the County as a result of these matters was minimal. Furthermore, any losses incurred would in all probability be covered by liability insurance carried by the County.

Based on the above information, the accompanying financial statements do not reflect any accrual for contingent liabilities as of the end of the current fiscal year.

**NOTE 18: ACCOUNTING CHANGES AND ACCOUNTING STANDARDS**

In 2013, the County implemented GASB Statement No. 63 "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position" and GASB Statement No. 65 "Items Previously Reported as Assets and Liabilities". GASB Statement No. 63 will improve financial reporting by standardizing the presentation of deferred outflows of resources and deferred inflows of resources and their effect on a government's net position. The objective of GASB Statement No. 65 is to either properly classify certain items that were previously reported as assets and liabilities as deferred outflows of resources or deferred inflows of resources or to recognize certain items that were previously reported as assets and liabilities as outflows of resources (expenses or expenditures) or inflows of resources (revenues).

The implementation of GASB Statement No. 65 resulted in the adjustment to the beginning net position of the governmental and business-type activities in the government-wide and the Navarro Project Fund's financial statements. The deferred charges for issuance costs were reclassified as expense of prior periods which resulted in a decrease of \$168,536 and \$21,568 for the governmental and business-type activities, respectively, to the December 31, 2012 unrestricted net position. The unrestricted net position decreased \$21,568 for the Navarro Project Fund.

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**NOTE 19: FUND BALANCES**

The following is a detail of the governmental fund balances as of December 31, 2013:

	<u>Governmental Fund Balances</u>			<u>Total</u>
	<u>Nonspendable</u>	<u>Restricted</u>	<u>Unassigned</u>	
General				
Advance to Airport Fund	\$ 911,597	\$ -	\$ -	\$ 911,597
Unassigned	-	-	13,597,422	13,597,422
Nonmajor Governmental				
Road and bridge	-	2,467,701	-	2,467,701
Juvenile probation services	-	23,356	-	23,356
County/District Clerks	-	132,837	-	132,837
Public safety	-	1,065,973	-	1,065,973
Public health	-	219,820	-	219,820
Courthouse security	-	64,808	-	64,808
Retirement of long-term debt	-	327,797	-	327,797
Various government costs	-	64,145	(5,054)	59,091
	<u>\$ 911,597</u>	<u>\$ 4,366,437</u>	<u>\$ 13,592,368</u>	<u>\$ 18,870,402</u>

**NOTE 20: SUBSEQUENT EVENTS**

In May 2014, the County issued Certificates of Obligation, Series 2014 of \$6,340,000. The certificates are due in annual installments ranging from \$275,000 to \$465,000 through 2034 with interest varying from 2.00% to 4.00%. The proceeds from the sale of the bonds will be used to purchase and acquire various properties to be used for County judicial and County administrative offices; renovate, improve and equip County owned facilities; construct various road and drainage improvements within the County; demolish and abate various County owned buildings at the County owned airport; and pay all or a portion of the County's contractual obligations for professional services rendered by engineers, attorneys, and financial advisors in connection with the aforementioned projects.

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**NOTE 21: VICTORIA COUNTY NAVIGATION DISTRICT**

As described in Note 1, the Victoria County Navigation District is a component unit of the County. It is reported in a separate column to emphasize that it is legally separate for accounting purposes from the County. Following are note disclosures relating to this component unit.

A. Organization

The Victoria County Navigation District (the "District") was created by a vote of the electorate of Victoria County, Texas, at an election held on February 4, 1947, under the provisions of Article 8263(h) V.A.T.S. (now codified into Chapter 62, Texas Water Code). The Board of Navigation and the Canal Commissioners (the "Directors") is the level of government which has oversight responsibility and control over all activities related to the District's activities in the County.

The Directors are appointed by the Commissioners' Court of the County and have decision-making authority, the power to designate management, the responsibility to significantly influence operations, and primary accountability for fiscal matters including taxing authority.

In accordance with GASB Statement No. 14, *The Financial Reporting Entity*, and as amended by GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, the District has included the Port Facilities Corporation (the "PFC") as a blended component unit which is reported as a governmental internal service fund activity in the financial statements. The PFC was created for the purpose of aiding and acting on behalf of the District in the performance of its governmental purpose. The PFC will promote the common good and general welfare of the District through the operation and/or development of the Port of Victoria and the District's waterways and the provision of aid to navigate and navigation related commerce at the District and on the waterways. The PFC was created in 2007 as a local government, nonprofit corporation, pursuant to Subchapter D of Chapter 431, Texas Transportation Code, and Chapter 394, Texas Local Government Code. The board of directors of the PFC is comprised exclusively of three of the Directors of the District.

B. Summary of Significant Accounting Policies

The accounting and reporting policies of the District conform to GAAP, as applicable to governmental units. For inclusion in this report, the District's operations are reported in a single Governmental Fund Type.

C. Stewardship, Compliance, and Accountability

Excess of Expenditures Over Appropriations

For the year ended December 31, 2013, the District complied with budgetary restrictions at all function levels except the following. The following table details these variances:

<u>Fund/Function</u>	<u>Expenditure Variance</u>
General Fund	
Operating expenditures	\$ 230,210
Capital outlay	287,065

These over expenditures were funded by available fund balance in the General Fund.

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**NOTE 21: VICTORIA COUNTY NAVIGATION DISTRICT - (Continued)**

**D. Deposits and Investments**

The District's funds are deposited and invested under the terms of the Victoria County's depository contract. The depository bank, First Victoria National Bank, deposits for safekeeping and trust with Victoria County's agent bank, approved pledged securities in an amount sufficient to protect the District's funds on a day-to-day basis during the period of the contract. The pledge-approved securities are waived only to the extent of the depository bank's dollar amount of FDIC insurance.

As of December 31, 2013, the District had the following investments:

<u>Investment Type</u>	<u>Amortized Cost</u>	<u>Weighted Average Maturity (Days)</u>
Public Funds Investment Pool	\$ 923	42

The pool operates in a manner consistent with the Securities and Exchange Commission's (SEC) Rule 2(a)(7) of the Investment Company Act of 1940 but are not registered with the SEC as an investment company. Instead, the regulatory oversight for the pool is the State of Texas. The pool uses amortized cost rather than market value to report net position to compute share prices. Accordingly, the fair value of the position in this pool is the same as the value of the shares in the pool.

**Interest Rate Risk**

In accordance with the District's investment policy, the District manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio to less than one year from the time of purchase. The L.O.G.I.C. Investment Pool's weighted average maturity cannot exceed 60 days.

**Credit Risk**

The District's investments in the public funds investment pool include those with the L.O.G.I.C. Investment Pool. The pool operates in full compliance with the Public Funds Investment Act and is rated AAA by Standard & Poor's.

**Concentration of Credit Risk**

The District's investment policy requires that the investment portfolio shall be diversified in terms of investment instruments, maturity scheduling, and financial institutions to reduce the risk of loss resulting from over concentration of assets in a specific class of investments, specific maturity, or specific user. At year-end, the District was not exposed to concentration of credit risk.

**Custodial Credit Risk - Deposits**

In the case of deposits, this is the risk that in the event of a bank failure, the District's deposits may not be returned to it. During the fiscal year and at year-end, all deposits held in the depository bank were fully collateralized and therefore the District was not exposed to custodial credit risk.

**Custodial Credit Risk - Investments**

For an investment, this is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. All of the District's investments are invested in the L.O.G.I.C. Investment Pool and it has no custodial credit risk.

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**NOTE 21: VICTORIA COUNTY NAVIGATION DISTRICT - (Continued)****E. Receivables**

Receivables at December 31, 2013, consist of the following:

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Total</u>
Gross receivables:			
Accounts	\$ 648,704	\$ -	\$ 648,704
Ad valorem taxes	<u>1,027,496</u>	<u>199,111</u>	<u>1,226,607</u>
Total gross receivables	1,676,200	199,111	1,875,311
Less: Allowances	<u>47,306</u>	<u>8,694</u>	<u>56,000</u>
Total net receivables	<u>\$ 1,628,894</u>	<u>\$ 190,417</u>	<u>\$ 1,819,311</u>

The District's governmental funds report unavailable revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. The governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of unavailable and unearned revenue reported in the governmental funds were as follows:

	<u>Unavailable</u>	<u>Unearned</u>	<u>Total</u>
General Fund			
Ad valorem taxes receivable	\$ 81,385	\$ 1,482,398	\$ 1,563,783
Lease revenue	-	53,773	53,773
Nonmajor Fund			
Ad valorem taxes receivable	<u>25,232</u>	<u>272,529</u>	<u>297,761</u>
	<u>\$ 106,617</u>	<u>\$ 1,808,700</u>	<u>\$ 1,915,317</u>

The District's ad valorem property tax is levied each October 1 on the assessed value listed as of the prior January 1 for all real and business personal property located in the District. Taxes are delinquent by February 1 following the October 1 levy date. A statutory lien becomes effective on all property with unpaid taxes as of January 1 of the year following the assessment.

**F. Due From Other Governments**

At December 31, 2013, the Victoria County Tax Assessor and Collector held tax receipts that had been collected for, but not yet remitted to, the District. These amounts are reported as due from other governments in the government-wide and fund financial statements.

**NOTE 21: VICTORIA COUNTY NAVIGATION DISTRICT - (Continued)**

**G. Prepaid Lease Relating to Land Purchase**

The PFC purchased 1800+ acres of land, inclusive of an appurtenant water rights permit in March 2007 for a total of \$5,604,871. The PFC leased the land to the District for a 20-year period for \$3,267,071 which was paid in advance. The PFC immediately sold the consumptive water rights permit to the District for \$2,337,800, which immediately sold them to the City of Victoria, Texas. The prepaid lease amount as of December 31, 2013, was \$2,164,434. This amount is recorded as an asset in the General Fund balance sheet at year-end. The PFC recorded the advance payment as unearned revenue as of December 31, 2013, in the same amount. The asset and unearned revenue amounts were eliminated in the government-wide financial statements since the cost of the land is included as part of the capital assets of the governmental activities.

**H. Capital Assets**

The District's capital asset activity for the year ended December 31, 2013, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Governmental activities</b>				
Capital assets, not being depreciated				
Land	\$ 11,897,356	\$ -	\$ -	\$ 11,897,356
Construction in progress	2,046,383	5,538,129	-	7,584,512
Total capital assets, not being depreciated	<u>13,943,739</u>	<u>5,538,129</u>	<u>-</u>	<u>19,481,868</u>
Capital assets, being depreciated				
Improvements	17,257,153	51,494	-	17,308,647
M.P.R.R. Main Line Bridge	1,493,134	-	-	1,493,134
Equipment	44,253	39,559	-	83,812
Total capital assets, being depreciated	<u>18,794,540</u>	<u>91,053</u>	<u>-</u>	<u>18,885,593</u>
Less accumulated depreciation for				
Improvements	7,556,258	648,225	-	8,204,483
M.P.R.R. Main Line Bridge	1,300,955	22,703	-	1,323,658
Equipment	19,287	11,120	-	30,407
Total accumulated depreciation	<u>8,876,500</u>	<u>682,048</u>	<u>-</u>	<u>9,558,548</u>
Total capital assets being depreciated, net	<u>9,918,040</u>	<u>(590,995)</u>	<u>-</u>	<u>9,327,045</u>
Governmental activities capital assets, net	<u>\$ 23,861,779</u>	<u>\$ 4,947,134</u>	<u>\$ -</u>	<u>\$ 28,808,913</u>

Depreciation expense of \$682,048 was charged to the general government function/program in 2013.

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**NOTE 21: VICTORIA COUNTY NAVIGATION DISTRICT - (Continued)**

I. Unearned Lease Revenue

The District entered into an agreement with Equalizer, Incorporated (Equalizer) in January 2010 in which Equalizer agreed to fund a portion of the construction costs for the Rail Expansion Project in cash funds and in contributed materials. The contributed cash funds are treated as deferred/unearned revenue. As Equalizer incurs wharfage, fees, tariffs and/or other charges, one-half of these charges will be credited against the contributed funds. During the term of the parties' lease agreement and any renewals, this amount of the contributed funds shall be credited for one-half of Equalizer's yearly charges until the full amount has been earned. Total contributed funds were \$392,446. During 2013, \$89,660 in fees were credited against the contributed funds, leaving a zero balance in unearned revenue.

The District entered into an agreement with Cru Logistics LLC (Cru) in 2012 in which Cru agreed to fund certain construction costs for the District. The contributed construction improvements are treated as deferred/unearned revenue. As Cru incurs charges, one-half of these charges will be credited against the contributed cost. Total contributed funds were \$825,840. During 2013, \$139,584 in fees were credited against the contributed funds, leaving a balance in unearned revenue of \$686,035. During the term of the parties' lease agreement and any renewals, this amount of the contributed funds shall be credited for one-half of Cru's yearly charges until the full amount has been earned.

The District entered into an agreement with Eagle Ford Field Services, LLC (EFFS) in 2013 in which EFFS agreed to fund certain construction costs for the District. The contributed construction improvements are treated as deferred/unearned revenue. As EFFS incurs charges, one-half of these charges will be credited against the contributed cost. Total contributed funds were \$444,009. During 2013, no fees were credited against the contributed funds. During the term of the parties' lease agreement and any renewals, this amount of the contributed funds shall be credited for one-half of EFFS's yearly charges until the full amount has been earned.

The District also has other tenants that have paid their annual lease in advance and those amounts totaling \$53,773 are also included as unearned revenue.

J. Long-term Debt

The following is a summary of general obligation bond transactions for the year ended December 31, 2013, for governmental activities:

Bonds payable at January 1, 2013	\$ 16,075,000
Additions	-
Retirements	<u>(810,000)</u>
Bonds payable at December 31, 2013	<u>\$ 15,265,000</u>



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**NOTE 21: VICTORIA COUNTY NAVIGATION DISTRICT - (Continued)****J. Long-term Debt - (Continued)**

Bonds payable at December 31, 2013, are comprised of the following issues:

2003 General Obligation Refunding Bonds due in annual installments of various amounts beginning in 2005 through February 15, 2014; interest rate varies based on year of maturity and ranges from 3.0% to 3.75%.	\$ 350,000
2012 Revenue Refunding Bonds due in annual installments of various amounts beginning in 2013 through June 1, 2028; interest rate of 3.05%.	5,120,000
2012A Port Improvement Revenue Bonds due in annual installments of various amounts beginning in 2013 through June 1, 2032; interest rate of 2.99%.	<u>9,795,000</u>
Total	<u>\$ 15,265,000</u>

Annual debt service requirements to maturity for the general obligation bonds are as follows:

<u>Maturities</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 940,000	\$ 446,691	\$ 1,386,691
2015	610,000	422,023	1,032,023
2016	625,000	403,387	1,028,387
2017	645,000	384,223	1,029,223
2018	665,000	364,456	1,029,456
2019-2023	3,655,000	1,502,689	5,157,689
2024-2028	4,240,000	908,701	5,148,701
2029-2032	<u>3,885,000</u>	<u>236,583</u>	<u>4,121,583</u>
Total	<u>\$ 15,265,000</u>	<u>\$ 4,668,753</u>	<u>\$ 19,933,753</u>

In 2004, the District issued \$2,860,000 of General Obligation Refunding Bonds with interest rates varying from 3.0% to 3.75% to currently refund the District's General Obligation Bonds, Series 1994 with interest rates varying from 5.0% to 7.0% and to provide funding for costs of issuance. As a result, the Series 1994 bonds are considered defeased and the liabilities have been removed from the governmental activities column on the statement of net position. The 1994 Series that was refunded has \$360,000 of bonds outstanding at December 31, 2013.

**K. Risk Management**

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District purchased commercial insurance to cover risks associated with potential claims during fiscal year 2013. There were no significant reductions in coverage in the past fiscal year, and there were no settlements exceeding insurance coverage for each of the past three fiscal years.

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**NOTE 21: VICTORIA COUNTY NAVIGATION DISTRICT - (Continued)**

L. Accounting Changes and Accounting Standards

In fiscal year 2013, the District implemented GASB Statement No. 63 "*Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*" and GASB Statement No. 65 "*Items Previously Reported as Assets and Liabilities*". GASB Statement No. 63 will improve financial reporting by standardizing the presentation of deferred outflows of resources and deferred inflows of resources and their effect on a government's net position. The objective of GASB Statement No. 65 is to either properly classify certain items that were previously reported as assets and liabilities as deferred outflows of resources or deferred inflows of resources or to recognize certain items that were previously reported as assets and liabilities as outflows of resources (expenses or expenditures) or inflows of resources (revenues).

The implementation of GASB Statement No. 65 resulted in the adjustment to the beginning net position of the governmental activities in the government-wide financial statements. The deferred charges for issuance costs were reclassified as an expense of prior periods which resulted in a decrease of \$217,053 for the governmental activities to the December 31, 2012 unrestricted net position.

**NOTE 22: VICTORIA COUNTY CHILD WELFARE BOARD**

As described in Note 1, the Victoria County Child Welfare Board (the "Board") is a component unit of the County. It is reported in a separate column to emphasize that it is legally separate for accounting purposes from the County. Following are note disclosures relating to this component unit:

A. Organization

The Commissioners' Court of Victoria County, Texas established the Board on August 8, 1938. The Board is a countywide, jointly financed, state-administered program of child protection to meet the needs of abused, neglected, and abandoned children, and children with special needs. The Board members of the Board have decision-making authority, the power to designate management, the responsibility to significantly influence operations, and primary accountability for fiscal matters. The Board is considered a component unit of the County under the guidelines established by GASB Statement No. 14.

B. Summary of Significant Accounting Policies

The accounting and reporting policies of the Board conform to GAAP, as applicable to governmental units. For inclusion in this report, the Board's operations are reported in a single Governmental Fund Type.

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**NOTE 22: VICTORIA COUNTY CHILD WELFARE BOARD - (Continued)**

C. Deposits and Investments

The Board has deposits that are held by one financial institution within Victoria County, Texas. At December 31, 2013, and 2012, the carrying amount of the Board's deposits was \$82,847 and \$117,171, respectively. The bank balances were \$82,847 and \$118,023, respectively. The deposits are collateralized by FDIC coverage as follows:

	<u>2013</u>	<u>2012</u>
Insured by FDIC	\$ 82,847	\$ 118,023
Amount of Board's deposits uncollateralized by financial institutions	<u>-</u>	<u>-</u>
Total	<u>\$ 82,847</u>	<u>\$ 118,023</u>

Texas Statutes authorize the Board to invest in:

1. obligations of the U. S. Treasury or its agencies;
2. direct obligations of the State of Texas or its agencies;
3. other obligations, the principal of and interest on which are unconditionally guaranteed or insured by the State of Texas or the United States;
4. obligations of states, agencies, counties, or cities rated A or better by a national investment rating firm;
5. certificates of deposit that are insured by the FDIC or secured by obligations having a market value of at least the principal amount of the certificates; and
6. fully collateralized direct repurchase agreements.

As of December 31, 2013, the Board held \$79,750 invested in FDIC insured certificates of deposit. The Board held no other investments during the current fiscal year.

D. Budgetary Legal Compliance

For the fiscal year ended December 31, 2013, the Board complied with all budgetary restrictions.

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**NOTE 23: CITIZENS MEDICAL CENTER**

As described in Note 1, Citizens Medical Center is a component unit of the County. It is reported in a separate column to emphasize that it is legally separate for accounting purposes from the County. Following are note disclosures relating to this component unit:

A. Organization

Citizens Medical Center (the "Medical Center") is a 344-bed acute care hospital that is a component unit of the County. The Medical Center is operated by a Board of Directors that is appointed by the County Commissioners' Court. Its primary mission is to provide health care services to the citizens of the County. The Medical Center primarily earns revenues by providing inpatient, outpatient, skilled nursing, home health, and emergency care services to patients in Victoria County and surrounding areas.

B. Summary of Significant Accounting Policies

The financial statements of the Medical Center have been prepared on the accrual basis of accounting using the economic resources measurement focus. Revenues, expenses, gains, losses, assets, liabilities and deferred inflows and outflows of resources from exchange and exchange-like transactions are recognized when the exchange transaction takes place, while those from government-mandated nonexchange transactions (principally federal and state grants and county appropriations) are recognized when all applicable eligibility requirements are met. Operating revenues and expenses include exchange transactions and program-specific, government-mandated nonexchange transactions. Government-mandated nonexchange transactions that are not program specific, if any, and investment income are included in nonoperating revenues and expenses. The Medical Center first applies restricted net position when an expense or outlay is incurred for purposes for which both restricted and unrestricted net position are available.

The Medical Center prepares its financial statements as a business-type activity in conformity with applicable pronouncements of GASB.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Risk Management

The Medical Center is exposed to various risks of loss from torts; theft of, damage to, and destruction of assets; business interruption; errors and omissions; employee injuries and illnesses; natural disasters; and employee health, dental and accident benefits. Commercial insurance coverage is purchased for claims arising from such matters other than general and professional liability, employee health claims and workers' compensation. Settled claims have not exceeded this commercial coverage in any of the three preceding years except for a legal settlement in 2013 that exceeded the Medical Center's errors and omissions policy by \$8,000,000.

The Medical Center is self-insured for a portion of its exposure to risk of loss from general and professional liability, employee health claims, and workers' compensation. Annual estimated provisions are accrued for the self-insured portion of these risks and include an estimate of the ultimate costs for both reported claims and claims incurred but not yet reported.

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**NOTE 23: CITIZENS MEDICAL CENTER - (Continued)**

Supplies

Supply inventories are stated at the lower of cost, determined using the first-in, first-out method, or market.

Capital Assets

Capital assets are recorded at cost at the date of acquisition, or fair value at the date of donation if acquired by gift. Depreciation is computed using the straight-line method over the estimated useful life of each asset. Assets under capital lease obligations and leasehold improvements are depreciated over the shorter of the lease term or their respective estimated useful lives.

The following estimated useful lives are being used by the Medical Center:

Land improvements	5 to 25 years
Buildings, building improvements, and fixed equipment	3 to 40 years
Major movable equipment	3 to 25 years

During 2013, the Medical Center determined that certain planning costs related to a potential construction project were impaired because of the age and the unlikely completion of the project in the near future. A loss was recognized related to these expenditures of approximately \$4,333,000.

Net Position

Net position of the Medical Center are classified in two components. Net position invested in capital assets consists of capital assets, net of accumulated depreciation. Unrestricted net position are remaining assets, less remaining liabilities, that do not meet the definition of invested in capital assets.

Net Patient Service Revenue

The Medical Center has agreements with third-party payers that provide for payments to the Medical Center at amounts different from its established rates. Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payers, and others for services rendered and includes estimated retroactive revenue adjustments and a provision for uncollectible accounts. Retroactive adjustments are considered in the recognition of revenue on an estimated basis for the period the related services are rendered and such estimated amounts are revised in future periods as adjustments become known.

Electronic Health Records Incentive Program

The Electronic Health Records Incentive Program, enacted as part of the *American Recovery and Reinvestment Act of 2009*, provides for incentive payments under both the Medicare and Medicaid programs to eligible hospitals that demonstrate meaningful use of certified electronic health records technology (HER). Payments to PPS hospitals under the Medicare program are generally made for up to four years based on a statutory formula. Payments under the Medicaid program are generally made for up to four years based upon a statutory formula, as determined by the state, which is approved by the Centers for Medicare and Medicaid Services. Payment under both programs is contingent on the Medical Center continuing to meet escalating meaningful use criteria and any other specific requirements that are applicable for the reporting period. The final amount for any payment year is determined based upon an audit by the fiscal intermediary. Events could occur that would cause the final amounts to differ materially from the initial payments under the program.

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**NOTE 23: CITIZENS MEDICAL CENTER - (Continued)**

B. Summary of Significant Accounting Policies - (Continued)

Electronic Health Records Incentive Program - (Continued)

The Medical Center recognizes revenue using the cliff recognition approach. Under this approach, revenue is recognized when received upon meeting the meaningful use objectives and any other specific grant requirements applicable for the reporting period.

During the year ended June 30, 2012, the Medical Center completed the first year requirements under both the Medicare and Medicaid programs. Incentive program revenue recognized for the years ended June 30, 2013 and 2012, was approximately \$557,000 and \$2,210,000, respectively.

Charity Care

The Medical Center provides care without charge or at amounts less than its established rates to patients meeting certain criteria under its charity care policy. Because the Medical Center does not pursue collection of amounts determined to qualify as charity care, these amounts are not reported as net patient service revenue.

Income Taxes

As an essential government function of the County, the Medical Center is generally exempt from federal and state income taxes under Section 115 of the Internal Revenue Code and a similar provision of state law. However, the Medical Center is subject to federal income tax on any unrelated business taxable income.

Compensated Absences

Medical Center policies permit most employees to accumulate vacation benefits that may be realized as paid time off or, in limited circumstances, as a cash payment. Expense and the related liability are recognized as vacation benefits are earned. Compensated absence liabilities are computed using the regular pay and termination pay rates in effect at the balance sheet date, plus an additional amount for compensation-related payments such as social security and Medicare taxes computed using rates in effect at that date.

Patient Accounts Receivable

The Medical Center reports patient accounts receivable for services rendered at net realizable amounts from third-party payers, patients, and others. The Medical Center provides an allowance for doubtful accounts based upon a review of outstanding receivables, historical collection information, and existing economic conditions. As a service to the patient, the Medical Center bills third-party payers directly and bills the patient when the patient's liability is determined. Patient accounts receivable are due in full when billed. Accounts are considered delinquent and subsequently written off as bad debts based on individual credit evaluation and specific circumstances of the account.

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**NOTE 23: CITIZENS MEDICAL CENTER - (Continued)**

B. Summary of Significant Accounting Policies - (Continued)

Reclassifications

Certain reclassifications have been made to the 2012 financial statements to conform to the 2013 financial statement presentation. The reclassifications had no effect on the change in net position.

C. Net Patient Service Revenue

The Medical Center has agreements with third-party payers that provide for payments to the Medical Center at amounts different from its established rates. These payment arrangements include:

Medicare

Inpatient acute care, skilled nursing, and substantially all outpatient services rendered to Medicare program beneficiaries are paid at prospectively determined rates. These rates vary according to a patient classification system that is based on clinical, diagnostic, acuity, and other factors. The Medical Center is reimbursed for certain services at tentative rates with final settlement determined after submission of annual cost reports by the Medical Center and audits thereof by the Medicare fiscal intermediary. The Medicare administrative contractor has audited the Medical Center's cost reports through June 30, 2007 as well as for June 30, 2010.

Medicaid

Inpatient services are paid under a prospective payment system. Outpatient services rendered to Medicaid program beneficiaries are primarily paid based on a cost reimbursement methodology. The Medical Center is reimbursed for certain services at a tentative rate with final settlement determined after submission of annual cost reports by the Medical Center and audits thereof by Medicaid.

Approximately 37% of net patient service revenues are from participation in the Medicare and state-sponsored Medicaid programs for the year ended June 30, 2013. Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation and change. As a result, it is reasonably possible that recorded estimates will change materially in the near term.

The Medical Center has also entered into payment agreements with certain commercial insurance carriers, health maintenance organizations, and preferred provider organizations. The basis for payment to the Medical Center under these agreements includes prospectively determined rates per discharge, discounts from established charges, and prospectively determined daily rates.

In May 2002, the federal government approved the Upper Payment Limit (UPL) program for the state of Texas, with an effective date of August 31, 2001. The UPL program is a state program that uses federal matching funds to raise state Medicaid reimbursement rates to 100 percent of equivalent Medicare rates for certain public hospital systems.

The amounts received under the UPL program were \$9,416,000 for 2012 and is included in net patient revenue. The funding historically received through the UPL program is largely being replaced by the Waiver program, discussed below.

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**NOTE 23: CITIZENS MEDICAL CENTER - (Continued)**

C. Net Patient Service Revenue - (Continued)

Medicaid - (Continued)

On December 12, 2011, Texas received approval from the Centers for Medicare and Medicaid Services (CMS) for the Texas Health Care Transformation and Quality Improvement Program (the Waiver) that allows the state to expand Medicaid managed care while preserving hospital funding, provides incentive payments for health care improvements, and directs more funding to hospitals that serve large numbers of uninsured patients. The Waiver became effective on October 1, 2011 and will extend through September 30, 2016. Transition payments were made in the first waiver year that ended September 30, 2012, to hospitals and physicians based on supplemental UPL payments they received in 2011. In years 2 through 5, the Waiver replaces the UPL program with two pools, an Uncompensated Care (UC) pool to offset the cost of uncompensated care and a *Delivery System Reform Initiative Payment* (DSRIP) pool as incentive payments for developing programs and strategies supporting hospitals' efforts to improve access to health care; improve quality and outcomes of care, improve efficiencies of care provided; and to improve the patient experience by managing the health of patients and families served. DSRIP payments will be made for system improvements identified in Regional Healthcare Partnerships (RHP) delivery system reform and improvement plans (RHP Plan) led by public hospitals such as the Medical Center or governmental entities that will provide the state share of waiver pool funds. During 2013, the Medical Center recognized Waiver revenue of approximately \$5,886,000, which is included in net patient service revenue.

The Medical Center participated in a collaboration with Memorial Herman Health System (MHHS) during the year ended June 30, 2013, which agreement allowed the parties to improve access to healthcare for indigent persons residing in the Victoria community. As part of the collaboration, MHHS supported organizations that provide physician services in the Victoria area. The value of services provided to the indigent in the Victoria community during the year ending June 30, 2013 was approximately \$389,500. The Medical Center recorded expenses of approximately \$225,500 in 2013 under these programs and provider affiliation agreements. These expenses are reflected as a component of supplies and other expense in the statements of revenues, expense and changes in net position.



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**NOTE 23: CITIZENS MEDICAL CENTER - (Continued)****D. Patient Accounts Receivable**

The Medical Center grants credit without collateral to its patients, many of whom are area residents and are insured under third-party payer agreements. Patient accounts receivable at June 30, 2013, consisted of these amounts:

Patients and their insurance carriers	\$ 27,823,408
Medicare	4,495,740
Medicaid	<u>333,360</u>
	32,652,508
Less allowance for uncollectible amounts	<u>22,600,000</u>
Total	<u>\$ 10,052,508</u>

**E. Capital Assets**

Capital asset activity for the year ended June 30, 2013, was as follows:

	Balance June 30, 2012	Additions	Transfers	Disposals	Balance June 30, 2013
Land and land improvements	\$ 11,024,149	\$ 34,417	\$ 35,846	\$ -	\$ 11,094,412
Buildings, improvements, and fixed equipment	117,731,650	403,643	1,081,744	-	119,217,037
Major moveable equipment	79,064,189	2,630,837	1,598,353	-	83,293,379
Construction in progress	<u>6,907,540</u>	<u>2,688,762</u>	<u>(2,715,943)</u>	<u>(4,332,788)</u>	<u>2,547,571</u>
	<u>214,727,528</u>	<u>5,757,659</u>	<u>-</u>	<u>(4,332,788)</u>	<u>216,152,399</u>
Less accumulated depreciation:					
Land improvements	2,409,122	224,104	-	-	2,633,226
Buildings, improvements, and fixed equipment	60,731,339	3,358,218	-	-	64,089,557
Major moveable equipment	<u>57,821,518</u>	<u>6,221,574</u>	<u>-</u>	<u>(3,766)</u>	<u>64,039,326</u>
	<u>120,961,979</u>	<u>9,803,896</u>	<u>-</u>	<u>(3,766)</u>	<u>130,762,109</u>
Capital assets, net	<u>\$ 93,765,549</u>	<u>\$ (4,046,237)</u>	<u>\$ -</u>	<u>\$ (4,329,022)</u>	<u>\$ 85,390,290</u>

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**NOTE 23: CITIZENS MEDICAL CENTER - (Continued)**

F. Deposits and Investment Income

Deposits

Custodial credit risk is the risk that in the event of a bank failure, a government's deposits may not be returned to it. The Medical Center's deposit policy for custodial credit risk requires compliance with the provisions of state law.

State law requires collateralization of all deposits with federal depository insurance; bonds and other obligations of the U.S. Treasury, U.S. agencies or instrumentalities of the State of Texas; bonds of any city, county, school district or special road district of the State of Texas; bonds of any state; or a surety bond having an aggregate value at least equal to the amount of the deposits.

At June 30, 2013, the Medical Center's bank balance of \$101,863,563 was insured or collateralized by assets held in other than the Medical Center's name based on the Medical Center's cash management arrangement with the County Treasurer.

Investment Income

Interest and dividends	\$	<u>506,028</u>
	\$	<u>506,028</u>

G. Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses included in current liabilities at June 30, 2013 consisted of:

Payable to suppliers and creditors	\$	3,057,305
Payable to employees (including payroll taxes and benefits)		6,096,796
Deferred revenue		180,288
Payable under self-insured programs		<u>1,312,605</u>
Total	\$	<u>10,646,994</u>

H. Self-insured Claims

The Medical Center partially self-insures the cost for its general and professional liability, employee health care benefits, and workers' compensation. The Texas Tort Claims Act limits the Medical Center's general and professional liability to \$100,000 per claim and \$300,000 per occurrence, with no annual aggregate. The Medical Center purchases annual stop-loss insurance coverage for all employee health care benefits and workers' compensation claims. Stop-loss coverage began at \$350,000 for workers compensation claims in 2013. Stop-loss coverage for employee health claims began at \$450,000 during 2013. No claims were made against the stop-loss insurance policies in 2013 or 2012.

Losses from asserted and unasserted claims identified under the Medical Center's incident reporting system are accrued based on estimates that incorporate the Medical Center's past experience, as well as other considerations, including the nature of each claim or incident and relevant trend factors. It is reasonably possible that the Medical Center's estimate of losses will change by a material amount in the near term.

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**NOTE 23: CITIZENS MEDICAL CENTER - (Continued)****H. Self-insured Claims - (Continued)**

Activity in the Medical Center's self-insured claims liability accounts during 2013 and 2012 are summarized as follows:

	2013		
	Employee Health Care Benefits	Worker's Compensation	General and Professional Liability
Balance, beginning of year	\$ 1,146,330	\$ 549,625	\$ 500,000
Current year claims incurred and changes in estimates for claims incurred in prior years	6,412,650	234,298	8,000,000
Claim and expenses paid, net	<u>(6,739,934)</u>	<u>(290,364)</u>	<u>(8,000,000)</u>
Balance, end of year	<u>\$ 819,046</u>	<u>\$ 493,559</u>	<u>\$ 500,000</u>
	2012		
	Employee Health Care Benefits	Worker's Compensation	General and Professional Liability
Balance, beginning of year	\$ 1,000,000	\$ 564,900	\$ 500,000
Current year claims incurred and changes in estimates for claims incurred in prior years	7,996,559	201,177	-
Claim and expenses paid, net	<u>(7,850,229)</u>	<u>(216,452)</u>	<u>-</u>
Balance, end of year	<u>\$ 1,146,330</u>	<u>\$ 549,625</u>	<u>\$ 500,000</u>

The accrual for general and professional liability claims are presented as other long-term liabilities on the balance sheet. The accrual for employee health care benefits and workers' compensation is included in accrued payroll and expenses on the balance sheet.

In 2013, the Medical Center settled a dispute with certain physicians related to its medical staff and policies and alleged civil rights violations. Under the settlement the Medical Center agreed to pay \$8,000,000, which is recorded as an operating expense included in supplies and other in the statement of revenues, expenses and changes in net position.

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**NOTE 23: CITIZENS MEDICAL CENTER - (Continued)**

I. Charity Care

In support of its mission, the Medical Center voluntarily provides free care to patients who lack financial resources and are deemed to be medically indigent. Because the Medical Center does not pursue collection of amounts determined to qualify as charity care, they are not reported in net patient service revenue. In addition, the Medical Center provides services to other medically indigent patients under certain government-reimbursed public aid programs. Such programs pay providers amounts which are less than established charges for the services provided to the recipients and, many times, the payments are less than the cost of rendering the services provided. The Medical Center recorded \$25,348,912 of charity care in 2013. The cost of providing the related charity care was approximately \$6,552,523 for the year ended June 30, 2013. The cost of charity care was estimated using the ratio of costs to charges.

In addition to uncompensated charges, the Medical Center also commits significant time and resources to endeavors and critical services which meet otherwise unfilled community needs. Many of these activities are sponsored with the knowledge that they will not be self-supporting or financially viable. Such programs include health screening and assessments, prenatal education and care, community educational services and various support groups.

J. Related Party Transactions

The County maintains custody of the Medical Center's operating cash accounts and is responsible for obtaining appropriate collateralization of such accounts.

From time to time, the Medical Center conducts business with companies owned or related to members of its Board. It is the Medical Center's policy that these transactions be approved by the Board.

K. Pension Plan

The Medical Center sponsors The Texas Hospital Association Retirement Plan for Citizens Medical Center ("the Plan"), an agent multi-employer defined benefit pension plan that covers eligible employees. The Plan is administered by HealthShare/THA, a wholly owned subsidiary of the Texas Hospital Association. The Plan's assets are invested as a portion of the total HealthShare/THA investment trust fund. Amendments to the Plan are made only with the authority of the Board of the Medical Center. The Plan does not issue a stand-alone financial report. However, an annual actuarial valuation report is available from the Medical Center or HealthShare/THA. That report may be obtained by writing HealthShare/THA at P.O. Box 679010, Austin, Texas 78768-9010.

All Medical Center employees who work 20 or more hours per week for at least five months during a year are eligible for the Plan. There is no minimum age requirement for Plan participation.

The Plan provides retirement, death and disability benefits. Additionally, the Plan provides fully-vested benefits to terminated employees who have at least five years of vesting service. Employees may retire (with reduced benefits) at age 60 with five years of vesting service. The monthly benefit at normal retirement (age 65 plus five years of Plan participation), payable in a lifetime annuity, ranges from 1.75% to 3.25% times years of service times average monthly compensation, subject to certain benefit limits.

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**NOTE 23: CITIZENS MEDICAL CENTER - (Continued)****K. Pension Plan - (Continued)****Funding Policy**

The Board has the sole authority to establish or amend the obligations to contribute to the Plan by participants or the employer.

Plan participants are required to contribute at rates ranging from 4.0% to 5.5% in 2013 of their prior Plan year compensation. The Medical Center makes contributions at an actuarially determined amount, which equaled 7.3% of participant-covered compensation for 2013 and is expected to be 4.9% of participant-covered compensation for 2014. The costs of administering the Plan are paid by the Plan and are considered in the determination of the employer contribution rate.

**Annual Pension Cost**

For the fiscal year ended June 30, 2013, the Medical Center's Annual Pension Cost (APC) was \$1,972,961, which was substantially equal to the Medical Center's annual contributions.

The required contributions for 2013 were determined based on the results of actuarial valuations as of March 1, 2013, using the entry age actuarial cost method. The actuarial assumptions included (a) a 7.75% investment rate of return (net of administrative expenses) and (b) projected salary increases ranging from 4.5% to 10.2% per year. Both (a) and (b) included an inflation component of 3.5%. The 2012 actuarial valuation assumptions included 2.0% per year postretirement benefit increases for retirees whose benefit commences on or after March 1, 2007. The actuarial valuation of Plan assets was determined using a five-year adjusted market value method for both valuations.

**Three-year Trend Information**

<u>Year Ended</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation (Asset)</u>
2013	\$ 1,972,961	140%	\$ 3,482,815
2012	2,684,401	103%	2,695,776
2011	2,965,528	100%	2,620,177

For the March 1, 2013 valuation, the open amortization period was calculated to be sixteen years, assuming that contributions of 5.3% of payroll would be made each year.

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**NOTE 23: CITIZENS MEDICAL CENTER - (Continued)****K. Pension Plan - (Continued)****Funding Status and Funding Progress**

As of March 1, 2013, the most recent actuarial valuation date, the Plan was 95.6% funded. The actuarial accrued liability for benefits was \$58,003,136 and the actuarial value of assets was \$55,463,931, resulting in an unfunded actuarial accrued liability (UAAL) of \$2,539,205. The covered payroll (annual payroll of active employees covered by the plan) was \$36,129,592 and the ratio of the UAAL to the covered payroll was 7.0%.

The schedule of funding progress, presented as required supplementary information following the notes to financial statements in the Medical Center's financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability benefits. This schedule indicates that even though the Medical Center has made excess contributions over time (resulting in a net pension asset of \$3,482,815 as of June 30, 2013), the Plan has an aggregate actuarial liability of \$2,539,205.

**L. Designated Net Position**

At June 30, 2013 and 2012, unrestricted net position has been designated by the Medical Center's Board of Directors for the following purposes:

	<u>2013</u>	<u>2012</u>
Capital acquisitions	\$ 10,776,699	\$ 10,723,035
Self-insured health care	348,337	92,998

Designated net position remains under the control of the Board of Directors, which may at its discretion later use these assets for other purposes.

**M. Contingencies**

In the normal course of business, the Medical Center is, from time to time, subject to allegations that may or do result in litigation. Some of these allegations are in areas not covered by the Medical Center's self-insurance program (discussed elsewhere in these notes) or by commercial insurance; for example, allegations regarding employment practices or performance of contracts. The Medical Center evaluates such allegations by conducting investigations to determine the validity of each potential claim. Based upon the advice of legal counsel, management records an estimate of the amount of ultimate expected loss, if any, for each. Events could occur that would cause the estimate of ultimate loss to differ materially in the near term.

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**NOTE 23: CITIZENS MEDICAL CENTER - (Continued)**

N. Risks and Uncertainties

OIG Investigation

The Medical Center is the subject of an Office of Inspector General investigation regarding its compliance with the federal STARK and anti-kickback regulations. Management believes the Medical Center's policies were appropriate and intends to vigorously defend the Medical Center against these assertions. No provision has been made in the financial statements for any adverse outcome that might ultimately result from this matter, as the amount of any such loss is not reasonably estimable. Events could occur that would cause the estimate of ultimate loss to differ materially in the near term.

Litigation

In the normal course of business, the Medical Center is, from time to time, subject to allegations that may or do result in litigation. Some of these allegations are in areas not covered by the Medical Center's self-insurance program (discussed elsewhere in these notes) or by commercial insurance; for example, allegations regarding employment practices or performance of contracts. The Medical Center evaluates such allegations by conducting investigations to determine the validity of each potential claim. Based upon the advice of legal counsel, management records an estimate of the amount of ultimate expected loss, if any, for each. Events could occur that would cause the estimate of ultimate loss to differ materially in the near term.

Patient Protection and Affordable Care Act

The *Patient Protection and Affordable Care Act* (PPACA) will substantially reform the United States health care system. The legislation impacts multiple aspects of the health care system, including many provisions that change payments from Medicare, Medicaid and insurance companies. Starting in 2014, the legislation requires the establishment of health insurance exchanges, which will provide individuals without employer-provided health care coverage the opportunity to purchase insurance. It is anticipated that some employers currently offering insurance to employees will opt to have employees seek insurance coverage through the insurance exchanges. It is possible that the reimbursement rates paid by insurers participating in the insurance exchanges may be substantially different than rates paid under current health insurance products. Another significant component of the PPACA is the expansion of the Medicaid program to a wide range of newly eligible individuals. In anticipation of this expansion, payments under certain existing programs, such as Medicare disproportionate share, will be substantially decreased. Each state's participation in an expanded Medicaid program is optional.

The state of Texas has tentatively indicated that it will not participate in the expansion of the Medicaid program. The impact of that decision on the overall reimbursement to the Medical Center cannot be quantified at this point.

The PPACA is extremely complex and may be difficult for the federal government and each state to implement. While the overall impact of the PPACA cannot currently be estimated, it is possible that it will have a negative impact on the Medical Center's net patient service revenue. Additionally, it is possible the Medical Center will experience payment delays and other operational challenges during PPACA's implementation.





**COUNTY OF VICTORIA, TEXAS****MAJOR GOVERNMENTAL FUND - GENERAL FUND****SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -****BUDGET AND ACTUAL - STATUTORY BASIS**

For the year ended December 31, 2013

	Original Budget	Final Budget	Actual Amounts Budgetary Basis	Budget to Statutory Differences Over (Under)	Actual Amounts Statutory Basis
<b>REVENUES</b>					
Taxes	\$ 26,563,625	\$ 27,146,703	\$ 28,418,187	\$ (24,142)	\$ 28,442,329
Fees of office and user fees	1,654,150	1,654,150	1,658,846	(12,684)	1,671,530
Intergovernmental	3,028,148	3,477,743	3,818,853	138,730	3,680,123
Fines and forfeitures	1,535,100	1,535,100	1,191,985	(22,674)	1,214,659
Investment income					
Interest	50,100	50,100	100,981	-	100,981
Licenses and permits	50,300	50,300	58,920	(4,235)	63,155
Miscellaneous	1,141,670	1,150,956	670,324	8,789	661,535
<b>Total revenues</b>	<b>34,023,093</b>	<b>35,065,052</b>	<b>35,918,096</b>	<b>83,784</b>	<b>35,834,312</b>
<b>EXPENDITURES</b>					
Current					
General government	16,238,227	16,860,718	16,356,700	(10,132)	16,366,832
Public safety	15,841,410	16,229,197	15,440,282	(60,754)	15,501,036
Culture and recreation	298,015	322,483	296,127	570	295,557
Public health	28,694	15,703	172	-	172
<b>Total expenditures</b>	<b>32,406,346</b>	<b>33,428,101</b>	<b>32,093,281</b>	<b>(70,316)</b>	<b>32,163,597</b>
Excess (deficiency) of revenues over expenditures	1,616,747	1,636,951	3,824,815	154,100	3,670,715
<b>OTHER FINANCING SOURCES (USES)</b>					
Sale of assets	20,000	20,000	12,061	(45)	12,106
Transfers in	50,000	59,395	44,395	(2,585)	46,980
Transfers out	(1,707,847)	(1,737,446)	(1,480,790)	31,134	(1,511,924)
<b>Total other financing sources (uses)</b>	<b>(1,637,847)</b>	<b>(1,658,051)</b>	<b>(1,424,334)</b>	<b>28,504</b>	<b>(1,452,838)</b>
Change in fund balance	(21,100)	(21,100)	2,400,481	182,604	2,217,877
Fund balance, January 1	10,993,920	10,993,920	10,993,920	(1,297,222)	12,291,142
<b>Fund balance, December 31</b>	<b>\$ 10,972,820</b>	<b>\$ 10,972,820</b>	<b>\$ 13,394,401</b>	<b>\$ (1,114,618)</b>	<b>\$ 14,509,019</b>

**Explanation of differences:**

The County budgets on the cash basis of accounting. Therefore, under the budgetary basis, revenues are recognized as collected and expenditures when paid.

The accompanying notes to required supplementary information are an integral part of this schedule.



**COUNTY OF VICTORIA, TEXAS**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**HISTORICAL PENSION BENEFITS INFORMATION**  
 December 31, 2013

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**TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM**

The schedule of funding progress presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability of benefits.

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Annual Covered Payroll <sup>(1)</sup>	UAAL as a Percentage of Covered Payroll
	(a)	(b)	(b-a)	(a/b)	(c)	((b-a)/c)
12/31/2008	\$ 55,248,498	\$ 66,350,474	\$11,101,976	83.27%	\$ 22,538,550	49.26%
12/31/2009	62,600,325	73,171,534	10,571,209	85.55%	23,807,032	44.40%
12/31/2010	64,270,343	76,879,516	12,609,173	83.60%	23,877,175	52.81%
12/31/2011	65,989,947	81,258,057	15,268,110	81.21%	23,469,448	65.06%
12/31/2012	68,639,613	85,146,527	16,506,914	80.61%	24,361,762	67.76%

<sup>(1)</sup> The annual covered payroll is based on the employee contributions received by TCDRS for the year ending with the valuation date.

**COUNTY OF VICTORIA, TEXAS**

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

*December 31, 2013*

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**NOTE 1: BUDGETARY BASIS OF ACCOUNTING**

The County annually adopts budgets that are prepared using the cash basis of accounting, which is not consistent with generally accepted accounting principles (GAAP). A reconciliation to the statutory basis is provided in the preceding statement. Refer to Note 1 of the notes to the financial statements for explanation of the statutory basis of accounting used to prepare the financial statements.

**Combining and Individual Fund Statements and Schedules**



**COUNTY OF VICTORIA, TEXAS**  
**ALL NONMAJOR GOVERNMENTAL FUNDS**  
**COMBINING BALANCE SHEET - STATUTORY BASIS**  
**December 31, 2013**

	Total Nonmajor Special Revenue Funds	Total Nonmajor Debt Service Fund	Total Nonmajor Capital Projects Fund	Total Nonmajor Governmental Funds
<b>ASSETS</b>				
Current assets				
Cash and cash equivalents	\$ 6,197,033	\$ 892,876	\$ 113,106	\$ 7,203,015
Receivables (net)	2,227,438	928,326	-	3,155,764
Due from other governments	<u>1,412,310</u>	<u>-</u>	<u>-</u>	<u>1,412,310</u>
<b>Total assets</b>	<u>\$ 9,836,781</u>	<u>\$ 1,821,202</u>	<u>\$ 113,106</u>	<u>\$ 11,771,089</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 1,240,653	\$ -	\$ 34,330	\$ 1,274,983
Accrued expenditures	323,426	-	-	323,426
Due to other funds	619,776	-	-	619,776
Unearned revenue	<u>16,100</u>	<u>-</u>	<u>78,776</u>	<u>94,876</u>
<b>Total liabilities</b>	<u>2,199,955</u>	<u>-</u>	<u>113,106</u>	<u>2,313,061</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue - property taxes	<u>3,603,240</u>	<u>1,493,405</u>	<u>-</u>	<u>5,096,645</u>
<b>Total deferred inflows of resources</b>	<u>3,603,240</u>	<u>1,493,405</u>	<u>-</u>	<u>5,096,645</u>
<b>FUND BALANCES</b>				
Restricted	4,038,640	327,797	-	4,366,437
Unassigned	<u>(5,054)</u>	<u>-</u>	<u>-</u>	<u>(5,054)</u>
<b>Total fund balances</b>	<u>4,033,586</u>	<u>327,797</u>	<u>-</u>	<u>4,361,383</u>
<b>Total liabilities, deferred inflows and fund balances</b>	<u>\$ 9,836,781</u>	<u>\$ 1,821,202</u>	<u>\$ 113,106</u>	<u>\$ 11,771,089</u>

**COUNTY OF VICTORIA, TEXAS****ALL NONMAJOR GOVERNMENTAL FUNDS****COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -****STATUTORY BASIS**

For the year ended December 31, 2013

	Total Nonmajor Special <u>Revenue Funds</u>	Total Nonmajor Debt <u>Service Fund</u>	Total Nonmajor Capital Projects Fund	Total Nonmajor Governmental <u>Funds</u>
<b>REVENUES</b>				
Taxes	\$ 2,998,112	\$ 1,604,889	\$ -	\$ 4,603,001
Fees of office and user fees	1,459,754	-	-	1,459,754
Intergovernmental	6,636,490	-	-	6,636,490
Fines and forfeitures	474,529	-	-	474,529
Investment income	27,598	2,720	21	30,339
Contributions	162,760	-	41,224	203,984
Miscellaneous	279,597	-	-	279,597
<b>Total revenues</b>	<u>12,038,840</u>	<u>1,607,609</u>	<u>41,245</u>	<u>13,687,694</u>
<b>EXPENDITURES</b>				
Current				
General government	2,027,220	-	-	2,027,220
Public safety	2,856,339	-	-	2,856,339
Highways and streets	4,549,098	-	41,245	4,590,343
Public health	3,349,524	-	-	3,349,524
Capital outlay	228,422	-	-	228,422
Debt service				
Principal retirement	-	1,300,000	-	1,300,000
Interest and fiscal charges	-	343,950	-	343,950
<b>Total expenditures</b>	<u>13,010,603</u>	<u>1,643,950</u>	<u>41,245</u>	<u>14,695,798</u>
Excess (deficiency) of revenues over expenditures	<u>(971,763)</u>	<u>(36,341)</u>	<u>-</u>	<u>(1,008,104)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Sale of assets	67,209	-	-	67,209
Capital lease proceeds	235,085	-	-	235,085
Transfers in	1,560,166	-	-	1,560,166
Transfers out	(95,222)	-	-	(95,222)
<b>Total other financing sources (uses)</b>	<u>1,767,238</u>	<u>-</u>	<u>-</u>	<u>1,767,238</u>
Change in fund balances	795,475	(36,341)	-	759,134
Fund balances at beginning of year	<u>3,238,111</u>	<u>364,138</u>	<u>-</u>	<u>3,602,249</u>
<b>Fund balances at end of year</b>	<u>\$ 4,033,586</u>	<u>\$ 327,797</u>	<u>\$ -</u>	<u>\$ 4,361,383</u>



## NONMAJOR SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than special assessments, private purpose trusts, or major capital projects) that are legally restricted to expenditures for specific purposes. The County's Special Revenue Funds consists of Road and Bridge and other funds.

### ROAD AND BRIDGE FUNDS

The Road and Bridge Funds are constitutional funds established to account for current funds used for the purpose of constructing and maintaining roads and bridges. The principal sources of revenues for these funds are ad valorem taxes and intergovernmental revenues.

The County is divided into four precincts, each of which is administered by one of the four County Commissioners. Each precinct has a separate budget for construction and maintenance of roads and bridges in the precinct. The Road and Bridge Funds consists of the following:

**Road and Bridge Precinct Funds** - Account for costs associated with the construction and maintenance of roads and bridges in the four Commissioners' precincts. Revenues are derived primarily from ad valorem taxes, vehicle registration fees, and interest earnings.

### OTHER SPECIAL REVENUE FUNDS

The Other Special Revenue Funds consists of various funds that account for particular functions and activities as described below:

**Emergency Management Fund** - Accounts for the funds received from the City of Victoria and the State of Texas for Emergency Management operations.

**Records Management Fund** - Accounts for monies received by the County under Local Government Code Section 118.011. Expenditures of the fund are made to manage and preserve documents filed in the office of the County Clerk. Revenues come from filing charges assessed by the County Clerk.

**Courthouse Security Fund** - Accounts for funds received from various sources designated to be used to enhance security in the County Courthouse.

**Justice Court Building Security Fund** - Accounts for funds received that are designated to be used to enhance security in buildings that house justice court other than the County Courthouse.

**District Clerk Records Management Fund** - Accounts for monies received by the County from filing charges assessed by the District Clerk under Local Government Code Section 51.317. Expenditures of the fund are made to manage and preserve documents filed in the office of the District Clerk.

**Disaster Recovery Texas Community Block Grant Program** - Accounts for funds received from Federal Emergency Management Agency for the disaster declaration FEMA 1780-038 DR TX for the installation of wind resistant film on the windows and doors of the Victoria County Courthouse Annex Facility.

**FEMA Hazard Mitigation DR 1971-316** - Accounts for funds received from the Department of Homeland Security to facilitate the construction of a new stand-alone monolithic dome safe room on the Bloomington Independent School District campus.

**Gulf of Mexico Energy Security Act Fund** - Accounts for funds received from the U.S. Department of Interior for rentals, royalties, bonus and other sums derived from certain Outer Continental Shelf leases in the Gulf of Mexico. These revenues are reserved for projects and activities for the purposes of coastal protection, including conservation, coastal restoration, hurricane protection, and infrastructure directly affected by coastal wetland losses.

**NONMAJOR SPECIAL REVENUE FUNDS - (Continued)**

**OTHER SPECIAL REVENUE FUNDS - (Continued)**

**FEMA Hazard Mitigation (DR 1780-046 TX) Fund** - Accounts for funds received from the Federal Emergency Management Agency for improvements to the drainage system at the intersection of Live Oak Drive and Acorn Loop in Inez.

**Juvenile Probation Fund** - Records monies received by the County from the Texas Juvenile Probation Commission as well as transfers from the General Fund of the County. These monies are spent to provide various services related to the operation of the County Juvenile Probation Department.

**Drug Courts Program Fund** - Accounts for the revenues/expenditures related to operations of the state mandated programs for monitoring and rehabilitating violators of state drug laws.

**Juvenile Delinquency Prevention Fund** - Accounts for funds received as a cost of court fee for offenses committed under Section 28.08, Penal Code. These funds are administered by or under the direction of Commissioners' Court and are used to repair damage, provide educational and intervention programs, and provide public rewards.

**Justice Technology Fund** - Accounts for funds received from a defendant convicted of a misdemeanor offense in a Justice Court, pursuant to Article 102.0173, Code of Criminal Procedures. These funds are administered by or under the direction of the Commissioners' Court and are used to finance the technological enhancements of the Justice Courts.

**Family Protection Fee Fund** - Accounts for funds received from individuals filing suit for dissolution of a marriage. These funds are administered by or under the direction of the Commissioners' Court and are to be distributed to non-profit organizations in Victoria County.

**County/District Technology Fund** - Accounts for funds received from a defendant convicted of a criminal offense in a County or District Court, pursuant to Article 102.0169, Code of Criminal Procedures. These funds are administered by or under the direction of the Commissioners' Court and are used to finance the technological enhancements of the County and District Courts.

**DSHS PPH Grant Fund** - Accounts for funds received from the Texas Department of State Health Services to reduce hospital admissions and/or hospital charges for adult County residents by 15 percent for each adult potentially preventable hospitalization condition such as bacterial pneumonia, congestive heart failure and diabetes.

**CDA Processing Fee Fund** - Accounts for fees earned by the office of the Criminal District Attorney from the collection of "hot" checks returned to County merchants. Expenditures of the fund include normal operating costs of the District Attorney's Office.

**CDA Victims Assistance Grant Fund** - Accounts for the funds received from the U.S. Department of Justice and administered by the Office for Victims of Crime. The purpose of the grant is to stimulate State participation and support for victim service programs and promote victim cooperation with law enforcement, in addition to the direct benefit to crime victims with Federal assistance monies.

## NONMAJOR SPECIAL REVENUE FUNDS - (Continued)

### OTHER SPECIAL REVENUE FUNDS - (Continued)

**Sheriff Victims Assistance Grant Fund** - Accounts for the funds received from the Office of the Attorney General to provide funding for a full-time Crime Victim Liaison to work in the Sheriff's Department and the Victoria Police Department.

**Texas Vine Grant Fund** - Accounts for funds received from the Office of the Attorney General. The purpose of the VINE (Victim Information and Notification Everyday) grant is to provide basic information on jailed suspects/offenders and their scheduled court events to crime victims and other concerned citizens.

**GANG Taskforce Initiative Grant** - Accounts for funds received from the Office of the Governor and passed through the Criminal Justice Division to fund gang task force initiative overtime costs.

**Gang Prevention Grant Fund** - Accounts for funds received from the Office of the Governor passed through the Criminal Justice Division to prevent and control crime and make improvements to the criminal justice system.

**Local Border Security Grant Fund** - Accounts for funds received from the Texas Department of Public Safety to organize and deploy local government law enforcement personnel and equipment to participate in a project to enhance border security along the Texas-Mexico border by supplementing the border security efforts of federal agencies.

**Operation Stonegarden Grant Fund** - Accounts for funds received from the Department of Homeland Security to enhance cooperation and coordination between federal and local law enforcement agencies in a joint mission to secure the United States borders.

**Click It or Ticket Grant Fund** - Accounts for funds received from the Texas Department of Transportation to increase occupant restraint use in all passenger vehicles and trucks by conducting an intense occupant protection enforcement and public information and education effort during the Memorial Day holiday period.

**Byrne Justice Assistance Grant (JAG) Program Fund** - Accounts for funds received from the City of Victoria for the purchase of equipment and training of personnel for the Victoria County Sheriff's Office.

**Community Development Block Grant Fund** - Accounts for funds received from the Texas Department of Rural Affairs on behalf of the Victoria County Water Control and Improvement District No. 1 in Bloomington, Texas. Grant funds are to be used for capital improvements to the existing water system.

**BISD School Resource Officer Fund** - Accounts for funds received from Bloomington Independent School District (BISD) to employ a juvenile probation officer that is housed and working on BISD campuses.

**Sheriff's Special Purpose Fund** - Accounts for the use of drug related monies awarded to the Sheriff's Department via court proceedings.

**Sheriff's Donations Fund** - Accounts for funds received from various entities which have been donated for specific purposes for the Victoria County Sheriff.

**Sheriff's DOJ Federal Forfeiture Fund** - Accounts for funds received from the U.S. Department of Justice. The purpose of this program is for law enforcement to deter crime by depriving criminals of the profits and proceeds of their illegal activities and to weaken criminal enterprises by removing the instrumentalities of crime.

**NONMAJOR SPECIAL REVENUE FUNDS - (Continued)**

**OTHER SPECIAL REVENUE FUNDS - (Continued)**

**Constable Forfeiture Fund** - Accounts for funds received from the CDA Contraband Forfeiture Fund to aid the County's constables with expenditures for their departments.

**CDA Contraband Forfeiture Fund** - Accounts for the use of drug related monies awarded to the Criminal District Attorney via court proceedings post October 17, 1989.

**CDA DOJ Equitable Share Fund** - Accounts for funds received from the U.S. Department of Justice. The purpose of this program is for law enforcement to deter crime by depriving criminals of the profits and proceeds of their illegal activities and to weaken criminal enterprises by removing the instrumentalities of crime.

**Sheriff's DOT Federal Forfeiture Fund** - Accounts for funds received from the U.S. Department of Treasury. The purpose of this program is for law enforcement to deter crime by depriving criminals of the profits and proceeds of their illegal activities and to weaken criminal enterprises by removing the instrumentalities of crime.

**Goliad County Juvenile Probation Services Fund** - Accounts for funds received from Goliad County, Texas for additional salary costs for the Chief Probation Officer and Assistant Chief Probation Officer for services provided to the Goliad County Juvenile Probation Department.

**VISD School Resource Officer Fund** - Accounts for funds received from Victoria Independent School District (VISD) to employ school resource officers that are housed and working on VISD campuses.

**DSHS ILINET Grant Fund** - Accounts for funds received from the Texas Department of State Health Services for providing information to the Influenza-Like Illness Surveillance Network.

**Election Administrator's Special Fund** - Records the various fees received designated to be used by the County Election Administrator in coordinating various County elections.

**Elections Chapter 19 Fund** - Accounts for funds received from the Secretary of State to increase the number of registered voters in the state, maintain and report an accurate list of the number of registered voters, and/or increase the efficiency of the voter registration office through the use of technological equipment.

**Tax Assessor-Collector Special Fund** - Accounts for interest earnings on the Special Inventory Escrow Account. These funds are the sole property of the collector and are used to defray the cost of administration of the prepayment procedure established by Texas Property Tax Code Section 23.122.

**Historical Commission Fund** - Accounts for monies received through various promotional activities. These funds are expended for the purpose of preparing the historical heritage of the County of Victoria.

**Law Library Fund** - Accounts for expenditures related to the establishment and maintenance of a professional library for members of the Texas Bar Association. Revenues are derived from fees assessed on civil cases filed in County and District Courts.

**Health Department Fund** - Accounts for revenues and expenditures associated with services provided to the public by the nursing division, special services division, and the environmental services division located at the Victoria City/County Health Department.

**NONMAJOR SPECIAL REVENUE FUNDS - (Continued)**

**OTHER SPECIAL REVENUE FUNDS - (Continued)**

**WIC Program Fund** - Accounts for funds received from the Texas Department of State Health Services for Victoria County's participation in the WIC Card Program. These funds are used to determine eligibility of applicants through assessment of their income, residence and nutritional status and provide nutrition education and counseling to eligible participants.

**Law Enforcement Officer Education (LEOSE) Fund** - Accounts for funds received from the State of Texas. These funds are used for continuing education of persons licensed under Government Code Chapter 415 or to provide necessary training to full-time law enforcement support personnel.

**COUNTY OF VICTORIA, TEXAS****NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS****COMBINING BALANCE SHEET - STATUTORY BASIS**

December 31, 2013

	<u>Road and Bridge</u>	<u>Other Special Revenue</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 4,020,359	\$ 2,176,674	\$ 6,197,033
Receivables (net)			
Ad valorem	2,219,912	-	2,219,912
Other	2,070	5,456	7,526
Due from other governments	-	1,412,310	1,412,310
<b>Total assets</b>	<u>\$ 6,242,341</u>	<u>\$ 3,594,440</u>	<u>\$ 9,836,781</u>
<b>LIABILITIES</b>			
Accounts payable	\$ 50,074	\$ 1,190,579	\$ 1,240,653
Accrued expenditures	112,023	211,403	323,426
Due to other funds	9,303	610,473	619,776
Unearned revenue	-	16,100	16,100
<b>Total liabilities</b>	<u>171,400</u>	<u>2,028,555</u>	<u>2,199,955</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable revenue - property taxes	<u>3,603,240</u>	-	<u>3,603,240</u>
<b>Total deferred inflows of resources</b>	<u>3,603,240</u>	-	<u>3,603,240</u>
<b>FUND BALANCES</b>			
Restricted	2,467,701	1,570,939	4,038,640
Unassigned	-	(5,054)	(5,054)
<b>Total fund balances</b>	<u>2,467,701</u>	<u>1,565,885</u>	<u>4,033,586</u>
<b>Total liabilities, deferred inflows and fund balances</b>	<u>\$ 6,242,341</u>	<u>\$ 3,594,440</u>	<u>\$ 9,836,781</u>

**COUNTY OF VICTORIA, TEXAS****NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS****COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
STATUTORY BASIS**

For the year ended December 31, 2013

	<u>Road and Bridge</u>	<u>Other Special Revenue</u>	<u>Total</u>
<b>REVENUES</b>			
Taxes	\$ 2,998,112	\$ -	\$ 2,998,112
Fees of office and user fees	-	1,459,754	1,459,754
Intergovernmental	1,597,198	5,039,292	6,636,490
Fines and forfeitures	-	474,529	474,529
Investment income			
Interest	19,784	7,814	27,598
Contributions	-	162,760	162,760
Miscellaneous	175,238	104,359	279,597
<b>Total revenues</b>	<u>4,790,332</u>	<u>7,248,508</u>	<u>12,038,840</u>
<b>EXPENDITURES</b>			
Current			
General government	-	2,027,220	2,027,220
Public safety	-	2,856,339	2,856,339
Highways and streets	4,549,098	-	4,549,098
Public health	-	3,349,524	3,349,524
Capital outlay	-	228,422	228,422
<b>Total expenditures</b>	<u>4,549,098</u>	<u>8,461,505</u>	<u>13,010,603</u>
Excess (deficiency) of revenues over expenditures	<u>241,234</u>	<u>(1,212,997)</u>	<u>(971,763)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Sale of assets	67,209	-	67,209
Capital lease proceeds	235,085	-	235,085
Transfers in	58,658	1,501,508	1,560,166
Transfers out	(7,827)	(87,395)	(95,222)
<b>Total other financing sources (uses)</b>	<u>353,125</u>	<u>1,414,113</u>	<u>1,767,238</u>
Change in fund balance	594,359	201,116	795,475
Fund balance, January 1	<u>1,873,342</u>	<u>1,364,769</u>	<u>3,238,111</u>
<b>Fund balance, December 31</b>	<u>\$ 2,467,701</u>	<u>\$ 1,565,885</u>	<u>\$ 4,033,586</u>

**COUNTY OF VICTORIA, TEXAS****NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS****ROAD AND BRIDGE FUNDS****COMBINING BALANCE SHEET - STATUTORY BASIS**

December 31, 2013

	Road and Bridge Funds				Total
	Pct. 1	Pct. 2	Pct. 3	Pct. 4	
<b>ASSETS</b>					
Cash and cash equivalents	\$ 731,164	\$ 1,094,782	\$ 1,381,637	\$ 812,776	\$ 4,020,359
Receivables (net)					
Ad valorem	567,434	531,753	521,101	599,624	2,219,912
Other	-	-	1,810	260	2,070
<b>Total assets</b>	<b>\$ 1,298,598</b>	<b>\$ 1,626,535</b>	<b>\$ 1,904,548</b>	<b>\$ 1,412,660</b>	<b>\$ 6,242,341</b>
<b>LIABILITIES</b>					
Accounts payable	\$ 15,974	\$ 3,441	\$ 8,493	\$ 22,166	\$ 50,074
Accrued expenditures	31,302	25,367	26,315	29,039	112,023
Due to other funds	2,550	2,100	2,314	2,339	9,303
<b>Total liabilities</b>	<b>49,826</b>	<b>30,908</b>	<b>37,122</b>	<b>53,544</b>	<b>171,400</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenue - property taxes	920,182	863,752	846,183	973,123	3,603,240
<b>Total deferred inflows of resources</b>	<b>920,182</b>	<b>863,752</b>	<b>846,183</b>	<b>973,123</b>	<b>3,603,240</b>
<b>FUND BALANCE</b>					
Restricted	328,590	731,875	1,021,243	385,993	2,467,701
<b>Total liabilities, deferred inflows and fund balance</b>	<b>\$ 1,298,598</b>	<b>\$ 1,626,535</b>	<b>\$ 1,904,548</b>	<b>\$ 1,412,660</b>	<b>\$ 6,242,341</b>



**COUNTY OF VICTORIA, TEXAS****NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS****ROAD AND BRIDGE FUNDS****COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -****STATUTORY BASIS**

For the year ended December 31, 2013

	Road and Bridge Funds				Total
	Pct. 1	Pct. 2	Pct. 3	Pct. 4	
<b>REVENUES</b>					
Taxes	\$ 764,518	\$ 719,548	\$ 704,558	\$ 809,488	\$ 2,998,112
Intergovernmental	403,962	389,983	385,595	417,658	1,597,198
Investment income					
Interest	3,545	5,387	6,534	4,318	19,784
Miscellaneous	23,596	15,573	41,145	94,924	175,238
<b>Total revenues</b>	<u>1,195,621</u>	<u>1,130,491</u>	<u>1,137,832</u>	<u>1,326,388</u>	<u>4,790,332</u>
<b>EXPENDITURES</b>					
Current					
Highways and streets	1,135,996	901,927	960,815	1,550,360	4,549,098
Excess (deficiency) of revenues over expenditures	59,625	228,564	177,017	(223,972)	241,234
<b>OTHER FINANCING SOURCES (USES)</b>					
Sale of assets	682	548	53,755	12,224	67,209
Capital lease proceeds	-	-	-	235,085	235,085
Transfers in	33,263	9,672	7,317	8,406	58,658
Transfers out	-	(2,609)	(2,609)	(2,609)	(7,827)
<b>Total other financing sources (uses)</b>	<u>33,945</u>	<u>7,611</u>	<u>58,463</u>	<u>253,106</u>	<u>353,125</u>
Change in fund balance	93,570	236,175	235,480	29,134	594,359
Fund balance, January 1	235,020	495,700	785,763	356,859	1,873,342
<b>Fund balance, December 31</b>	<u>\$ 328,590</u>	<u>\$ 731,875</u>	<u>\$ 1,021,243</u>	<u>\$ 385,993</u>	<u>\$ 2,467,701</u>

**COUNTY OF VICTORIA, TEXAS****NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS****OTHER SPECIAL REVENUE FUNDS****COMBINING BALANCE SHEET - STATUTORY BASIS**

December 31, 2013

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	<u>Emergency Mgmt.</u>	<u>Records Mgmt.</u>	<u>Courthouse Security</u>	<u>Justice Court Building Security</u>	<u>District Clerk Records Mgmt.</u>
<b>ASSETS</b>					
Cash and cash equivalents	\$ -	\$ 114,440	\$ 15,397	\$ 49,086	\$ 4,093
Receivables (net)					
Other	-	131	262	63	22
Due from other governments	<u>215,100</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total assets</b>	<u>\$ 215,100</u>	<u>\$ 114,571</u>	<u>\$ 15,659</u>	<u>\$ 49,149</u>	<u>\$ 4,115</u>
<b>LIABILITIES</b>					
Accounts payable	\$ 1,371	\$ 25	\$ -	\$ -	\$ -
Accrued expenditures	9,823	3,021	-	-	-
Due to other funds	201,577	6	-	-	-
Unearned revenue	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total liabilities</b>	<u>212,771</u>	<u>3,052</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>					
Restricted	2,329	111,519	15,659	49,149	4,115
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total fund balances</b>	<u>2,329</u>	<u>111,519</u>	<u>15,659</u>	<u>49,149</u>	<u>4,115</u>
<b>Total liabilities and fund balances</b>	<u>\$ 215,100</u>	<u>\$ 114,571</u>	<u>\$ 15,659</u>	<u>\$ 49,149</u>	<u>\$ 4,115</u>

<u>Disaster Recovery Grant</u>	<u>FEMA Hazard Mitigation DR 1791-316</u>	<u>Gulf of Mexico Energy Security Act</u>	<u>FEMA Hazard Mitigation DR 1780-046</u>	<u>Juvenile Probation</u>	<u>Drug Courts Program</u>	<u>Juvenile Delinquency Prevention</u>
\$ -	\$ 533,618	\$ 205	\$ -	\$ 94,081	\$ 21,786	\$ 116
-	-	-	-	-	-	-
-	485,771	-	-	-	-	-
<u>\$ -</u>	<u>\$ 1,019,389</u>	<u>\$ 205</u>	<u>\$ -</u>	<u>\$ 94,081</u>	<u>\$ 21,786</u>	<u>\$ 116</u>
\$ -	\$ 1,019,389	\$ -	\$ -	\$ 22,136	\$ 7,866	\$ -
-	-	-	-	48,367	-	-
-	-	-	-	222	-	-
-	-	-	-	-	-	-
-	1,019,389	-	-	70,725	7,866	-
-	-	205	-	23,356	13,920	116
-	-	-	-	-	-	-
-	-	205	-	23,356	13,920	116
<u>\$ -</u>	<u>\$ 1,019,389</u>	<u>\$ 205</u>	<u>\$ -</u>	<u>\$ 94,081</u>	<u>\$ 21,786</u>	<u>\$ 116</u>

(continued)

**COUNTY OF VICTORIA, TEXAS**  
**NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS**  
**OTHER SPECIAL REVENUE FUNDS**  
**COMBINING BALANCE SHEET - STATUTORY BASIS**  
*December 31, 2013*

	<u>Justice Technology</u>	<u>Family Protection Fee</u>	<u>County/ District Technology</u>	<u>DSHS PPH Grant</u>	<u>CDA Processing Fee</u>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 7,346	\$ 692	\$ 18,587	\$ -	\$ 9,180
Receivables (net)					
Other	233	15	67	-	-
Due from other governments	-	-	-	-	-
<b>Total assets</b>	<u>\$ 7,579</u>	<u>\$ 707</u>	<u>\$ 18,654</u>	<u>\$ -</u>	<u>\$ 9,180</u>
<b>LIABILITIES</b>					
Accounts payable	\$ -	\$ -	\$ 1,451	\$ -	\$ 9,074
Accrued expenditures	-	-	-	-	3,237
Due to other funds	-	-	-	-	10
Unearned revenue	-	-	-	-	-
<b>Total liabilities</b>	-	-	1,451	-	12,321
<b>FUND BALANCES</b>					
Restricted	7,579	707	17,203	-	-
Unassigned	-	-	-	-	(3,141)
<b>Total fund balances</b>	<u>7,579</u>	<u>707</u>	<u>17,203</u>	<u>-</u>	<u>(3,141)</u>
<b>Total liabilities and fund balances</b>	<u>\$ 7,579</u>	<u>\$ 707</u>	<u>\$ 18,654</u>	<u>\$ -</u>	<u>\$ 9,180</u>

<u>CDA Victims Assistance Grant</u>	<u>Sheriff Victims Assistance Grant</u>	<u>Gang Taskforce Initiative Grant</u>	<u>Gang Prevention Grant</u>	<u>Local Border Security Grant</u>	<u>Operation Stonegarden Grant</u>	<u>Click It or Ticket</u>
\$ -	\$ -	\$ 34,682	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
<u>9,518</u>	<u>7,316</u>	<u>-</u>	<u>1,567</u>	<u>70,384</u>	<u>137,008</u>	<u>-</u>
<u>\$ 9,518</u>	<u>\$ 7,316</u>	<u>\$ 34,682</u>	<u>\$ 1,567</u>	<u>\$ 70,384</u>	<u>\$ 137,008</u>	<u>\$ -</u>
\$ 32	\$ 26	\$ 34,682	\$ -	\$ -	\$ -	\$ -
2,822	2,065	-	-	3,605	-	-
6,664	3,370	-	1,567	66,779	137,008	-
-	-	-	-	-	-	-
<u>9,518</u>	<u>5,461</u>	<u>34,682</u>	<u>1,567</u>	<u>70,384</u>	<u>137,008</u>	<u>-</u>
-	1,855	-	-	-	-	-
-	-	-	-	-	-	-
-	<u>1,855</u>	-	-	-	-	-
<u>\$ 9,518</u>	<u>\$ 7,316</u>	<u>\$ 34,682</u>	<u>\$ 1,567</u>	<u>\$ 70,384</u>	<u>\$ 137,008</u>	<u>\$ -</u>

(continued)

**COUNTY OF VICTORIA, TEXAS****NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS****OTHER SPECIAL REVENUE FUNDS****COMBINING BALANCE SHEET - STATUTORY BASIS**

December 31, 2013

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	<u>Byrne JAG Program</u>	<u>Community Development Block Grant</u>	<u>BISD School Resource Officer</u>	<u>Sheriff's Special Purpose</u>	<u>Sheriff's Donations</u>
<b>ASSETS</b>					
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 274,988	\$ 16,272
Receivables (net)					
Other	-	-	-	-	-
Due from other governments	-	-	6,787	-	-
<b>Total assets</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,787</u>	<u>\$ 274,988</u>	<u>\$ 16,272</u>
<b>LIABILITIES</b>					
Accounts payable	\$ -	\$ -	\$ 32	\$ 22,093	\$ -
Accrued expenditures	-	-	2,547	995	-
Due to other funds	-	-	4,208	-	-
Unearned revenue	-	-	-	-	16,100
<b>Total liabilities</b>	<u>-</u>	<u>-</u>	<u>6,787</u>	<u>23,088</u>	<u>16,100</u>
<b>FUND BALANCES</b>					
Restricted	-	-	-	251,900	172
Unassigned	-	-	-	-	-
<b>Total fund balances</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>251,900</u>	<u>172</u>
<b>Total liabilities and fund balances</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,787</u>	<u>\$ 274,988</u>	<u>\$ 16,272</u>

<u>Sheriff's DOJ Federal Forfeiture</u>	<u>Constable Forfeiture</u>	<u>CDA Contraband Forfeiture</u>	<u>CDA DOJ Equitable Share</u>	<u>Sheriff's DOT Federal Forfeiture</u>	<u>Goliad Co. Juvenile Probation Services</u>	<u>VISD School Resource Officer</u>
\$ -	\$ 972	\$ 682,604	\$ 1,031	\$ 105,851	\$ -	\$ -
-	-	-	-	-	-	-
-	-	-	-	-	2,516	114,141
<u>\$ -</u>	<u>\$ 972</u>	<u>\$ 682,604</u>	<u>\$ 1,031</u>	<u>\$ 105,851</u>	<u>\$ 2,516</u>	<u>\$ 114,141</u>
\$ -	\$ -	\$ 4,051	\$ -	\$ -	\$ 12	\$ 303
-	-	2,434	-	-	883	25,531
-	-	10	-	-	1,621	88,307
-	-	-	-	-	-	-
-	-	6,495	-	-	2,516	114,141
-	972	676,109	1,031	105,851	-	-
-	-	-	-	-	-	-
-	972	676,109	1,031	105,851	-	-
<u>\$ -</u>	<u>\$ 972</u>	<u>\$ 682,604</u>	<u>\$ 1,031</u>	<u>\$ 105,851</u>	<u>\$ 2,516</u>	<u>\$ 114,141</u>

(continued)

**COUNTY OF VICTORIA, TEXAS**  
**NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS**  
**OTHER SPECIAL REVENUE FUNDS**  
**COMBINING BALANCE SHEET - STATUTORY BASIS**  
 December 31, 2013

	DSHS ILINET Grant	Election Admin. Special	Elections Chapter 19	Tax Assessor- Collector Special	Historical Commission
<b>ASSETS</b>					
Cash and cash equivalents	\$ 1,840	\$ 9,056	\$ -	\$ 35,257	\$ 13,554
Receivables (net)					
Other	-	-	-	-	-
Due from other governments	-	-	909	-	-
<b>Total assets</b>	<b>\$ 1,840</b>	<b>\$ 9,056</b>	<b>\$ 909</b>	<b>\$ 35,257</b>	<b>\$ 13,554</b>
<b>LIABILITIES</b>					
Accounts payable	\$ -	\$ 2,319	\$ 77	\$ -	\$ -
Accrued expenditures	-	-	-	-	-
Due to other funds	-	10	832	-	-
Unearned revenue	-	-	-	-	-
<b>Total liabilities</b>	<b>-</b>	<b>2,329</b>	<b>909</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCES</b>					
Restricted	1,840	6,727	-	35,257	13,554
Unassigned	-	-	-	-	-
<b>Total fund balances</b>	<b>1,840</b>	<b>6,727</b>	<b>-</b>	<b>35,257</b>	<b>13,554</b>
<b>Total liabilities and fund balances</b>	<b>\$ 1,840</b>	<b>\$ 9,056</b>	<b>\$ 909</b>	<b>\$ 35,257</b>	<b>\$ 13,554</b>



<u>Law Library</u>	<u>Health Department</u>	<u>WIC Program</u>	<u>LEOSE</u>	<u>Total</u>
\$ 9,740	\$ 110,366	\$ -	\$ 11,834	\$ 2,176,674
205	4,458	-	-	5,456
<u>-</u>	<u>218,228</u>	<u>143,065</u>	<u>-</u>	<u>1,412,310</u>
<u>\$ 9,945</u>	<u>\$ 333,052</u>	<u>\$ 143,065</u>	<u>\$ 11,834</u>	<u>\$ 3,594,440</u>
\$ 11,858	\$ 37,482	\$ 16,300	\$ -	\$ 1,190,579
-	79,170	26,903	-	211,403
-	810	97,472	-	610,473
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>16,100</u>
<u>11,858</u>	<u>117,462</u>	<u>140,675</u>	<u>-</u>	<u>2,028,555</u>
-	215,590	2,390	11,834	1,570,939
<u>(1,913)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(5,054)</u>
<u>(1,913)</u>	<u>215,590</u>	<u>2,390</u>	<u>11,834</u>	<u>1,565,885</u>
<u>\$ 9,945</u>	<u>\$ 333,052</u>	<u>\$ 143,065</u>	<u>\$ 11,834</u>	<u>\$ 3,594,440</u>

(concluded)

**COUNTY OF VICTORIA, TEXAS**

**NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS**

**OTHER SPECIAL REVENUE FUNDS**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - STATUTORY BASIS**

For the year ended December 31, 2013

	Emergency Mgmt.	Records Mgmt.	Courthouse Security	Justice Court Building Security	District Clerk Records Mgmt.
<b>REVENUES</b>					
Fees of office and user fees	\$ -	\$ 100,213	\$ 43,135	\$ 4,623	\$ 6,369
Intergovernmental	42,933	-	-	-	-
Fines and forfeitures	-	-	-	-	-
Investment income					
Interest	-	-	-	-	-
Contributions	162,220	-	-	-	-
Miscellaneous	628	-	-	-	-
<b>Total revenues</b>	<u>205,781</u>	<u>100,213</u>	<u>43,135</u>	<u>4,623</u>	<u>6,369</u>
<b>EXPENDITURES</b>					
Current					
General government	-	79,662	2,811	-	7,295
Public safety	284,993	-	-	-	-
Public health	-	-	-	-	-
Capital outlay	-	-	-	-	-
<b>Total expenditures</b>	<u>284,993</u>	<u>79,662</u>	<u>2,811</u>	<u>-</u>	<u>7,295</u>
Excess (deficiency) of revenues over expenditures	<u>(79,212)</u>	<u>20,551</u>	<u>40,324</u>	<u>4,623</u>	<u>(926)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	79,212	-	-	-	-
Transfers out	-	-	(30,000)	-	-
<b>Total other financing sources (uses)</b>	<u>79,212</u>	<u>-</u>	<u>(30,000)</u>	<u>-</u>	<u>-</u>
Change in fund balance	-	20,551	10,324	4,623	(926)
Fund balance, January 1	<u>2,329</u>	<u>90,968</u>	<u>5,335</u>	<u>44,526</u>	<u>5,041</u>
<b>Fund balance, December 31</b>	<u>\$ 2,329</u>	<u>\$ 111,519</u>	<u>\$ 15,659</u>	<u>\$ 49,149</u>	<u>\$ 4,115</u>

<u>Disaster Recovery Grant</u>	<u>FEMA Hazard Mitigation DR 1791-316</u>	<u>Gulf of Mexico Energy Security Act</u>	<u>FEMA Hazard Mitigation DR 1780-046</u>	<u>Juvenile Probation</u>	<u>Drug Courts Program</u>	<u>Juvenile Delinquency Prevention</u>
\$ -	\$ -	\$ -	\$ -	\$ 1,550	\$ 14,959	\$ -
1,086	1,551,345	205	5,503	888,534	-	-
-	-	-	-	-	-	-
-	-	-	-	1,215	90	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>1,086</u>	<u>1,551,345</u>	<u>205</u>	<u>5,503</u>	<u>891,299</u>	<u>15,049</u>	<u>-</u>
4,004	-	-	-	1,299,004	21,456	-
-	1,551,345	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>4,004</u>	<u>1,551,345</u>	<u>-</u>	<u>-</u>	<u>1,299,004</u>	<u>21,456</u>	<u>-</u>
(2,918)	-	205	5,503	(407,705)	(6,407)	-
2,918	-	-	-	353,771	-	-
-	-	-	(5,503)	-	-	-
<u>2,918</u>	<u>-</u>	<u>-</u>	<u>(5,503)</u>	<u>353,771</u>	<u>-</u>	<u>-</u>
-	-	205	-	(53,934)	(6,407)	-
-	-	-	-	77,290	20,327	116
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 205</u>	<u>\$ -</u>	<u>\$ 23,356</u>	<u>\$ 13,920</u>	<u>\$ 116</u>

(continued)

**COUNTY OF VICTORIA, TEXAS****NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS****OTHER SPECIAL REVENUE FUNDS****COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -****STATUTORY BASIS**

For the year ended December 31, 2013

	Justice Technology	Family Protection Fee	County/ District Technology	DSHS PPH Grant	CDA Processing Fee
<b>REVENUES</b>					
Fees of office and user fees	\$ 18,734	\$ 5,940	\$ 20,546	\$ -	\$ 57,922
Intergovernmental	-	-	-	41,406	-
Fines and forfeitures	-	-	-	-	-
Investment income					
Interest	-	-	-	-	21
Contributions	-	-	-	-	-
Miscellaneous	-	-	-	-	312
<b>Total revenues</b>	<u>18,734</u>	<u>5,940</u>	<u>20,546</u>	<u>41,406</u>	<u>58,255</u>
<b>EXPENDITURES</b>					
Current					
General government	14,988	15,000	26,969	-	79,033
Public safety	-	-	-	-	-
Public health	-	-	-	41,406	-
Capital outlay	-	-	-	-	-
<b>Total expenditures</b>	<u>14,988</u>	<u>15,000</u>	<u>26,969</u>	<u>41,406</u>	<u>79,033</u>
Excess (deficiency) of revenues over expenditures	<u>3,746</u>	<u>(9,060)</u>	<u>(6,423)</u>	<u>-</u>	<u>(20,778)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	-	-	-	-	20,000
Transfers out	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>20,000</u>
Change in fund balance	3,746	(9,060)	(6,423)	-	(778)
Fund balance, January 1	<u>3,833</u>	<u>9,767</u>	<u>23,626</u>	<u>-</u>	<u>(2,363)</u>
<b>Fund balance, December 31</b>	<u>\$ 7,579</u>	<u>\$ 707</u>	<u>\$ 17,203</u>	<u>\$ -</u>	<u>\$ (3,141)</u>

CDA Victims Assistance Grant	Sheriff Victims Assistance Grant	Texas Vine Grant	Gang Taskforce Initiative Grant	Gang Prevention Grant	Local Border Security Grant	Operation Stonegarden Grant	Click It or Ticket
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
46,166	41,009	16,500	2,318	25,225	86,547	347,121	756
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>46,166</u>	<u>41,009</u>	<u>16,500</u>	<u>2,318</u>	<u>25,225</u>	<u>86,547</u>	<u>347,121</u>	<u>756</u>
55,412	-	16,500	-	-	-	-	-
-	44,526	-	2,318	25,225	86,547	118,699	756
-	-	-	-	-	-	-	-
-	-	-	-	-	-	228,422	-
<u>55,412</u>	<u>44,526</u>	<u>16,500</u>	<u>2,318</u>	<u>25,225</u>	<u>86,547</u>	<u>347,121</u>	<u>756</u>
<u>(9,246)</u>	<u>(3,517)</u>	-	-	-	-	-	-
9,246	3,517	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>9,246</u>	<u>3,517</u>	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	1,855	-	-	-	-	-	-
<u>\$ -</u>	<u>\$ 1,855</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(continued)

**COUNTY OF VICTORIA, TEXAS**

**NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS**

**OTHER SPECIAL REVENUE FUNDS**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - STATUTORY BASIS**

For the year ended December 31, 2013

	Byrne JAG Program	Community Development Block Grant	BISD School Resource Officer	Sheriff's Special Purpose	Sheriff's Donations
<b>REVENUES</b>					
Fees of office and user fees	\$ -	\$ -	\$ 54,110	\$ -	\$ -
Intergovernmental	35,909	89,297	-	-	-
Fines and forfeitures	-	-	-	282,773	-
Investment income					
Interest	-	-	-	782	6
Contributions	-	-	-	-	-
Miscellaneous	-	-	-	390	-
<b>Total revenues</b>	<u>35,909</u>	<u>89,297</u>	<u>54,110</u>	<u>283,945</u>	<u>6</u>
<b>EXPENDITURES</b>					
Current					
General government	-	71,800	-	-	-
Public safety	35,909	-	54,110	39,190	-
Public health	-	-	-	-	-
Capital outlay	-	-	-	-	-
<b>Total expenditures</b>	<u>35,909</u>	<u>71,800</u>	<u>54,110</u>	<u>39,190</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>17,497</u>	<u>-</u>	<u>244,755</u>	<u>6</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	-	-	-	-	-
Transfers out	-	(17,497)	-	-	-
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>(17,497)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in fund balance	-	-	-	244,755	6
Fund balance, January 1	-	-	-	7,145	166
<b>Fund balance, December 31</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 251,900</u>	<u>\$ 172</u>

Sheriff's DOJ Federal Forfeiture	Constable Forfeiture	CDA Contraband Forfeiture	CDA DOJ Equitable Share	Sheriff's DOT Federal Forfeiture	Goliad Co. Juvenile Probation Services	VISD School Resource Officer
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 20,943	\$ 554,441
-	-	-	-	-	-	-
-	-	191,756	-	-	-	-
-	-	3,656	111	551	-	-
-	-	-	-	-	-	-
-	-	2,608	-	-	-	-
-	-	198,020	111	551	20,943	554,441
-	-	193,941	-	-	20,943	-
184	59	-	39,401	14,501	-	554,441
-	-	-	-	-	-	-
-	-	-	-	-	-	-
184	59	193,941	39,401	14,501	20,943	554,441
(184)	(59)	4,079	(39,290)	(13,950)	-	-
-	-	-	-	-	-	-
-	-	(29,395)	-	-	-	-
-	-	(29,395)	-	-	-	-
(184)	(59)	(25,316)	(39,290)	(13,950)	-	-
184	1,031	701,425	40,321	119,801	-	-
\$ -	\$ 972	\$ 676,109	\$ 1,031	\$ 105,851	\$ -	\$ -

(continued)

**COUNTY OF VICTORIA, TEXAS**

**NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS**

**OTHER SPECIAL REVENUE FUNDS**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -**

**STATUTORY BASIS**

For the year ended December 31, 2013

	DSHS ILINET Grant	Election Admin. Special	Elections Chapter 19	Tax Assessor- Collector Special	Historical Commission
<b>REVENUES</b>					
Fees of office and user fees	\$ -	\$ 43,005	\$ 3,729	\$ -	\$ -
Intergovernmental	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-
Investment income					
Interest	-	33	-	1,282	67
Contributions	-	-	-	-	-
Miscellaneous	-	-	-	2,817	1,783
<b>Total revenues</b>	<u>-</u>	<u>43,038</u>	<u>3,729</u>	<u>4,099</u>	<u>1,850</u>
<b>EXPENDITURES</b>					
Current					
General government	-	50,012	4,526	1,932	3,851
Public safety	-	-	-	-	-
Public health	5,525	-	-	-	-
Capital outlay	-	-	-	-	-
<b>Total expenditures</b>	<u>5,525</u>	<u>50,012</u>	<u>4,526</u>	<u>1,932</u>	<u>3,851</u>
Excess (deficiency) of revenues over expenditures	<u>(5,525)</u>	<u>(6,974)</u>	<u>(797)</u>	<u>2,167</u>	<u>(2,001)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	-	-	-	-	3,000
Transfers out	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,000</u>
Change in fund balance	(5,525)	(6,974)	(797)	2,167	999
Fund balance, January 1	<u>7,365</u>	<u>13,701</u>	<u>797</u>	<u>33,090</u>	<u>12,555</u>
<b>Fund balance, December 31</b>	<u>\$ 1,840</u>	<u>\$ 6,727</u>	<u>\$ -</u>	<u>\$ 35,257</u>	<u>\$ 13,554</u>



<u>Law Library</u>	<u>Health Department</u>	<u>WIC Program</u>	<u>LEOSE</u>	<u>Total</u>
\$ 57,195	\$ 452,340	\$ -	\$ -	\$ 1,459,754
-	1,042,284	775,148	-	5,039,292
-	-	-	-	474,529
-	-	-	-	7,814
-	540	-	-	162,760
-	95,821	-	-	104,359
<u>57,195</u>	<u>1,590,985</u>	<u>775,148</u>	<u>-</u>	<u>7,248,508</u>
58,081	-	-	-	2,027,220
-	-	-	4,135	2,856,339
-	2,516,394	786,199	-	3,349,524
-	-	-	-	228,422
<u>58,081</u>	<u>2,516,394</u>	<u>786,199</u>	<u>4,135</u>	<u>8,461,505</u>
<u>(886)</u>	<u>(925,409)</u>	<u>(11,051)</u>	<u>(4,135)</u>	<u>(1,212,997)</u>
-	1,029,844	-	-	1,501,508
<u>(5,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(87,395)</u>
<u>(5,000)</u>	<u>1,029,844</u>	<u>-</u>	<u>-</u>	<u>1,414,113</u>
(5,886)	104,435	(11,051)	(4,135)	201,116
<u>3,973</u>	<u>111,155</u>	<u>13,441</u>	<u>15,969</u>	<u>1,364,769</u>
<u>\$ (1,913)</u>	<u>\$ 215,590</u>	<u>\$ 2,390</u>	<u>\$ 11,834</u>	<u>\$ 1,565,885</u>

(concluded)



## **GENERAL FUND**

The General Fund is a constitutional fund and is utilized to account for all County revenues and expenditures except those which are required to be classed in other constitutional funds and such other funds that are presented separately to facilitate proper accountability.

**COUNTY OF VICTORIA, TEXAS****GENERAL FUND****SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN****FUND BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL**

For the year ended December 31, 2013

	Original Budget	Final Budget	Actual Amounts Budgetary Basis	Variance Positive (Negative)
<b>REVENUES</b>				
Taxes				
Ad valorem				
Current	\$ 16,913,625	\$ 16,913,625	\$ 17,116,418	\$ 202,793
Delinquent	300,000	300,000	335,112	35,112
Penalty and interest	175,000	175,000	174,794	(206)
Sales and use	9,175,000	9,758,078	10,791,863	1,033,785
Total taxes	<u>26,563,625</u>	<u>27,146,703</u>	<u>28,418,187</u>	<u>1,271,484</u>
Fees of office and user fees				
Sheriff's department	400,000	400,000	335,892	(64,108)
Prisoner maintenance	5,000	5,000	3,015	(1,985)
County treasurer	5,000	5,000	3,475	(1,525)
Election administrator	3,000	3,000	485	(2,515)
County clerk	400,350	400,350	421,635	21,285
Probate personnel education fees	1,800	1,800	1,470	(330)
Guardianship fee	5,000	5,000	5,540	540
County courts at law	4,000	4,000	3,844	(156)
Tax assessor-collector	450,000	450,000	533,627	83,627
Criminal district attorney	25,000	25,000	19,517	(5,483)
District clerk	200,000	200,000	199,258	(742)
Fire marshal	-	-	5	5
Justices of the peace	35,000	35,000	35,634	634
Deferred adjudication	50,000	50,000	23,110	(26,890)
Constables	70,000	70,000	72,339	2,339
Total fees of office and user fees	<u>1,654,150</u>	<u>1,654,150</u>	<u>1,658,846</u>	<u>4,696</u>
Intergovernmental				
Payment in lieu of taxes	1,000	214,000	222,051	8,051
Alcohol beverage tax	150,000	150,000	179,348	29,348
County courts at law	150,000	150,000	154,500	4,500
Bingo gross receipts tax	80,000	80,000	72,505	(7,495)
Tobacco settlement	40,000	40,000	48,390	8,390
Indigent defense grant	60,000	60,000	80,117	20,117
Title IV-E legal service	40,000	40,000	32,590	(7,410)
Jury fee reimbursement/SB1704	40,000	40,000	41,334	1,334
Southwest border prosecution initiative grant	-	-	1,997	1,997
DA longevitiy reimb/GC 41	12,948	12,948	9,961	(2,987)
Juvenile detention contracts	1,200,000	1,300,000	1,490,823	190,823
State juvenile detention funds	125,200	226,242	225,172	(1,070)
Jail inmate bedspace	1,000,000	1,000,000	1,091,373	91,373
Jail inmate contract other	60,000	60,000	43,839	(16,161)
Jail inmate extradition	20,000	20,000	22,821	2,821
General inmate medical	25,000	25,000	32,200	7,200
Vest reimbursement	-	12,893	4,117	(8,776)
TSA security reimbursement	24,000	29,200	48,255	19,055

(continued)

**COUNTY OF VICTORIA, TEXAS**

**GENERAL FUND**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN**

**FUND BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL**

For the year ended December 31, 2013

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts Budgetary Basis</u>	<u>Variance Positive (Negative)</u>
<b>REVENUES (continued)</b>				
Intergovernmental (continued)				
Abandoned vehicles	\$ -	\$ 17,460	\$ 17,460	\$ -
Total intergovernmental	<u>3,028,148</u>	<u>3,477,743</u>	<u>3,818,853</u>	<u>341,110</u>
Fines and forfeitures				
District court fines	300,000	300,000	244,656	(55,344)
County court at law fines	600,000	600,000	446,537	(153,463)
Justice of the peace fines	595,000	595,000	480,260	(114,740)
Forfeitures	<u>40,100</u>	<u>40,100</u>	<u>20,532</u>	<u>(19,568)</u>
Total fines and forfeitures	<u>1,535,100</u>	<u>1,535,100</u>	<u>1,191,985</u>	<u>(343,115)</u>
Interest	<u>50,100</u>	<u>50,100</u>	<u>100,981</u>	<u>50,881</u>
Licenses and permits				
Marriage licenses	18,000	18,000	20,933	2,933
Beer and whiskey licenses	32,000	32,000	37,987	5,987
Miscellaneous	<u>300</u>	<u>300</u>	<u>-</u>	<u>(300)</u>
Total licenses and permits	<u>50,300</u>	<u>50,300</u>	<u>58,920</u>	<u>8,620</u>
Miscellaneous				
Records management preservation	40,000	40,000	31,500	(8,500)
Grant administration fee	-	-	14,585	14,585
Criminal justice planning commission	300	300	5	(295)
Crime stopper fee	5	5	-	(5)
LEOSEF collection	10	10	1	(9)
Victims of crime collection	1,500	1,500	66	(1,434)
JCPTF commission	100	100	4	(96)
Juvenile probation diversion collections	200	200	20	(180)
Legal service for indigents fees	600	600	859	259
Defensive driving course fee	20,000	20,000	5,951	(14,049)
Visual record by electronic device	500	500	-	(500)
Court reporter fees	30,000	30,000	24,206	(5,794)
Arrest warrant fees	50,000	50,000	46,015	(3,985)
Other fees	204,300	204,300	116,908	(87,392)
Personal recognizant fees	7,000	7,000	3,397	(3,603)
CJAD contract services	6,300	6,300	6,496	196
Rents and royalties	67,280	67,280	65,048	(2,232)
Telephone commissions	255,000	255,000	179,348	(75,652)
Election machines rental	10,000	10,000	21,095	11,095
Indigent medical reimbursement	300,000	300,000	-	(300,000)
Reimbursements and refunds	51,100	58,586	90,411	31,825
Restitutions	1,000	1,000	193	(807)
Miscellaneous	<u>96,475</u>	<u>98,275</u>	<u>64,216</u>	<u>(34,059)</u>
Total miscellaneous	<u>1,141,670</u>	<u>1,150,956</u>	<u>670,324</u>	<u>(480,632)</u>
<b>Total revenues</b>	<u>34,023,093</u>	<u>35,065,052</u>	<u>35,918,096</u>	<u>853,044</u>

(continued)

**COUNTY OF VICTORIA, TEXAS**

**GENERAL FUND**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL**

For the year ended December 31, 2013

	Original Budget	Final Budget	Actual Amounts Budgetary Basis	Variance Positive (Negative)
<b>EXPENDITURES</b>				
Current				
General government				
County judge				
Salaries	\$ 179,777	\$ 177,362	\$ 173,695	\$ 3,667
Fringe benefits	49,355	49,355	45,284	4,071
Operating expenditures	6,500	8,995	8,247	748
Capital outlay	-	6,986	6,985	1
Total county judge	<u>235,632</u>	<u>242,698</u>	<u>234,211</u>	<u>8,487</u>
Commissioners' court				
Salaries	47,466	47,466	47,465	1
Fringe benefits	13,749	13,749	13,584	165
Operating expenditures	16,000	18,200	17,724	476
Other services and charges	3,500	5,100	5,044	56
Total commissioners' court	<u>80,715</u>	<u>84,515</u>	<u>83,817</u>	<u>698</u>
Records management				
Salaries	68,553	68,553	68,552	1
Fringe benefits	22,297	22,297	21,972	325
Operating expenditures	1,500	2,000	1,781	219
Capital outlay	-	4,693	4,693	-
Total records management	<u>92,350</u>	<u>97,543</u>	<u>96,998</u>	<u>545</u>
County clerk				
Salaries	486,663	486,663	479,026	7,637
Fringe benefits	145,722	145,722	141,970	3,752
Operating expenditures	39,443	36,852	31,456	5,396
Capital outlay	-	2,591	2,591	-
Total county clerk	<u>671,828</u>	<u>671,828</u>	<u>655,043</u>	<u>16,785</u>
Pre-Trial Services				
Salaries	50,040	50,465	42,140	8,325
Fringe benefits	14,257	14,257	12,012	2,245
Operating expenditures	2,000	4,221	4,220	1
Total veterans' service officer	<u>66,297</u>	<u>68,943</u>	<u>58,372</u>	<u>10,571</u>
Veterans' service officer				
Salaries	35,975	35,975	35,477	498
Fringe benefits	7,092	7,092	6,993	99
Operating expenditures	2,500	3,420	2,680	740
Total veterans' service officer	<u>45,567</u>	<u>46,487</u>	<u>45,150</u>	<u>1,337</u>
Heritage director				
Salaries	34,475	34,475	32,521	1,954
Fringe benefits	11,189	10,939	9,185	1,754
Operating expenditures	1,200	4,675	4,405	270
Capital outlay	-	29,986	29,986	-
Total heritage director	<u>46,864</u>	<u>80,075</u>	<u>76,097</u>	<u>3,978</u>

(continued)

**COUNTY OF VICTORIA, TEXAS**

**GENERAL FUND**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN**

**FUND BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL**

For the year ended December 31, 2013

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts Budgetary Basis</u>	<u>Variance Positive (Negative)</u>
<b>EXPENDITURES (continued)</b>				
Current (continued)				
General government (continued)				
Non-departmental				
Operating expenditures	\$ 1,722,402	\$ 1,159,685	\$ 1,125,308	\$ 34,377
Other services and charges	903,683	1,061,019	1,021,099	39,920
Capital outlay	365,024	444,872	444,868	4
Total non-departmental	<u>2,991,109</u>	<u>2,665,576</u>	<u>2,591,275</u>	<u>74,301</u>
County court at law # 1				
Salaries	196,546	204,162	200,264	3,898
Fringe benefits	48,269	49,410	47,532	1,878
Operating expenditures	3,700	5,997	5,423	574
Other services and charges	59,500	81,270	79,055	2,215
Total county court at law # 1	<u>308,015</u>	<u>340,839</u>	<u>332,274</u>	<u>8,565</u>
County court at law # 2				
Salaries	195,391	203,007	200,794	2,213
Fringe benefits	47,298	48,439	46,288	2,151
Operating expenditures	3,700	4,063	3,616	447
Other services and charges	61,500	97,351	94,520	2,831
Total county court at law # 2	<u>307,889</u>	<u>352,860</u>	<u>345,218</u>	<u>7,642</u>
District court				
Salaries	306,956	307,956	301,452	6,504
Fringe benefits	120,476	120,476	119,189	1,287
Operating expenditures	9,700	17,331	16,383	948
Other services and charges	545,028	778,757	750,701	28,056
Total district court	<u>982,160</u>	<u>1,224,520</u>	<u>1,187,725</u>	<u>36,795</u>
District clerk				
Salaries	493,574	493,574	486,586	6,988
Fringe benefits	147,830	147,830	142,718	5,112
Operating expenditures	17,719	17,719	14,289	3,430
Capital outlay	-	5,108	5,108	-
Total district clerk	<u>659,123</u>	<u>664,231</u>	<u>648,701</u>	<u>15,530</u>
Justice of the peace # 1				
Salaries	105,770	107,913	107,816	97
Fringe benefits	25,241	27,860	27,622	238
Operating expenditures	5,513	5,563	5,149	414
Other services and charges	14,200	14,160	12,835	1,325
Total justice of the peace # 1	<u>150,724</u>	<u>155,496</u>	<u>153,422</u>	<u>2,074</u>
Justice of the peace # 2				
Salaries	113,664	113,664	113,663	1
Fringe benefits	31,189	31,189	30,877	312
Operating expenditures	4,035	4,435	3,592	843
Other services and charges	13,800	14,480	14,388	92
Total justice of the peace # 2	<u>162,688</u>	<u>163,768</u>	<u>162,520</u>	<u>1,248</u>

(continued)

**COUNTY OF VICTORIA, TEXAS**

**GENERAL FUND**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN**

**FUND BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL**

For the year ended December 31, 2013

	Original Budget	Final Budget	Actual Amounts Budgetary Basis	Variance Positive (Negative)
<b>EXPENDITURES (continued)</b>				
Current (continued)				
General government (continued)				
Justice of the peace # 3				
Salaries	\$ 191,759	\$ 191,759	\$ 186,697	\$ 5,062
Fringe benefits	51,717	51,717	49,876	1,841
Operating expenditures	3,560	4,510	4,245	265
Other services and charges	600	100	-	100
Total justice of the peace # 3	<u>247,636</u>	<u>248,086</u>	<u>240,818</u>	<u>7,268</u>
Justice of the peace # 4				
Salaries	130,950	130,950	126,702	4,248
Fringe benefits	30,947	35,593	34,100	1,493
Operating expenditures	4,940	5,192	4,833	359
Other services and charges	37,900	38,648	38,609	39
Total justice of the peace # 4	<u>204,737</u>	<u>210,383</u>	<u>204,244</u>	<u>6,139</u>
Criminal district attorney				
Salaries	1,213,499	1,220,299	1,214,541	5,758
Fringe benefits	327,888	321,088	314,998	6,090
Operating expenditures	21,500	21,500	19,093	2,407
Capital outlay	-	9,675	9,674	1
Total criminal district attorney	<u>1,562,887</u>	<u>1,572,562</u>	<u>1,558,306</u>	<u>14,256</u>
Election administrator				
Salaries	151,075	157,509	158,558	(1,049)
Fringe benefits	43,699	42,099	39,947	2,152
Operating expenditures	80,344	88,051	83,313	4,738
Other services and charges	10,450	9,730	7,956	1,774
Capital outlay	-	11,763	11,762	1
Total election administrator	<u>285,568</u>	<u>309,152</u>	<u>301,536</u>	<u>7,616</u>
County auditor				
Salaries	355,784	355,784	335,141	20,643
Fringe benefits	106,751	106,751	96,026	10,725
Operating expenditures	12,595	12,595	10,865	1,730
Capital outlay	-	6,986	6,985	1
Total county auditor	<u>475,130</u>	<u>482,116</u>	<u>449,017</u>	<u>33,099</u>
County treasurer				
Salaries	229,266	223,266	214,280	8,986
Fringe benefits	67,893	67,893	61,461	6,432
Operating expenditures	30,625	36,752	35,656	1,096
Total county treasurer	<u>327,784</u>	<u>327,911</u>	<u>311,397</u>	<u>16,514</u>

(continued)



**COUNTY OF VICTORIA, TEXAS**

**GENERAL FUND**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN**

**FUND BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL**

For the year ended December 31, 2013

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts Budgetary Basis</u>	<u>Variance Positive (Negative)</u>
<b>EXPENDITURES (continued)</b>				
Current (continued)				
General government (continued)				
Tax assessor-collector				
Salaries	\$ 551,895	\$ 551,895	\$ 519,038	\$ 32,857
Fringe benefits	173,988	173,988	160,707	13,281
Operating expenditures	<u>17,050</u>	<u>17,050</u>	<u>16,108</u>	<u>942</u>
Total tax assessor-collector	<u>742,933</u>	<u>742,933</u>	<u>695,853</u>	<u>47,080</u>
Administrative services				
Salaries	210,199	211,259	211,256	3
Fringe benefits	60,488	59,428	58,917	511
Operating expenditures	13,500	33,587	32,484	1,103
Capital outlay	<u>-</u>	<u>12,223</u>	<u>12,222</u>	<u>1</u>
Total administrative services	<u>284,187</u>	<u>316,497</u>	<u>314,879</u>	<u>1,618</u>
Information technology				
Salaries	344,545	344,545	344,544	1
Fringe benefits	95,751	95,751	94,703	1,048
Operating expenditures	353,750	317,150	313,640	3,510
Other services and charges	137,500	242,420	241,804	616
Capital outlay	<u>40,000</u>	<u>40,095</u>	<u>40,001</u>	<u>94</u>
Total information technology	<u>971,546</u>	<u>1,039,961</u>	<u>1,034,692</u>	<u>5,269</u>
Building maintenance				
Salaries	307,684	325,440	321,344	4,096
Fringe benefits	88,486	97,368	94,778	2,590
Operating expenditures	<u>1,001,254</u>	<u>1,322,184</u>	<u>1,292,583</u>	<u>29,601</u>
Total building maintenance	<u>1,397,424</u>	<u>1,744,992</u>	<u>1,708,705</u>	<u>36,287</u>
Adult probation department				
Operating expenditures	7,000	15,050	9,007	6,043
Capital outlay	<u>-</u>	<u>10,165</u>	<u>10,164</u>	<u>1</u>
Total adult probation department	<u>7,000</u>	<u>25,215</u>	<u>19,171</u>	<u>6,044</u>
Juvenile detention facility				
Salaries	1,844,464	1,845,764	1,782,316	63,448
Fringe benefits	494,397	494,397	479,549	14,848
Operating expenditures	449,100	479,739	438,507	41,232
Other services and charges	51,700	45,300	38,084	7,216
Capital outlay	<u>-</u>	<u>25,558</u>	<u>25,553</u>	<u>5</u>
Total juvenile detention facility	<u>2,839,661</u>	<u>2,890,758</u>	<u>2,764,009</u>	<u>126,749</u>

(continued)

**COUNTY OF VICTORIA, TEXAS**

**GENERAL FUND**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN**

**FUND BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL**

*For the year ended December 31, 2013*

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts Budgetary Basis</u>	<u>Variance Positive (Negative)</u>
<b>EXPENDITURES (continued)</b>				
Current (continued)				
General government (continued)				
Juvenile board				
Salaries	\$ 32,764	\$ 32,764	\$ 32,764	\$ -
Fringe benefits	6,459	6,459	6,368	91
Other services and charges	<u>51,550</u>	<u>51,550</u>	<u>44,118</u>	<u>7,432</u>
Total juvenile board	<u>90,773</u>	<u>90,773</u>	<u>83,250</u>	<u>7,523</u>
Total general government	<u>16,238,227</u>	<u>16,860,718</u>	<u>16,356,700</u>	<u>504,018</u>
Public safety				
Fire marshal				
Salaries	335,235	335,235	320,998	14,237
Fringe benefits	94,660	94,660	89,142	5,518
Operating expenditures	81,183	145,193	142,246	2,947
Other services and charges	61,000	49,410	45,942	3,468
Capital outlay	<u>-</u>	<u>2,707</u>	<u>2,706</u>	<u>1</u>
Total fire marshal	<u>572,078</u>	<u>627,205</u>	<u>601,034</u>	<u>26,171</u>
Sheriff				
Salaries	8,876,955	8,571,791	8,241,989	329,802
Fringe benefits	2,358,369	2,358,369	2,123,219	235,150
Operating expenditures	1,944,410	2,395,082	2,209,232	185,850
Capital outlay	<u>345,000</u>	<u>498,616</u>	<u>491,242</u>	<u>7,374</u>
Total sheriff	<u>13,524,734</u>	<u>13,823,858</u>	<u>13,065,682</u>	<u>758,176</u>
Constable # 1				
Salaries	38,054	38,054	38,054	-
Fringe benefits	11,894	11,885	11,721	164
Operating expenditures	10,578	10,587	10,586	1
Capital outlay	<u>-</u>	<u>3,688</u>	<u>3,688</u>	<u>-</u>
Total constable # 1	<u>60,526</u>	<u>64,214</u>	<u>64,049</u>	<u>165</u>
Constable # 2				
Salaries	38,642	38,642	38,642	-
Fringe benefits	12,755	12,755	12,040	715
Operating expenditures	<u>10,578</u>	<u>10,578</u>	<u>10,335</u>	<u>243</u>
Total constable # 2	<u>61,975</u>	<u>61,975</u>	<u>61,017</u>	<u>958</u>
Constable # 3				
Salaries	38,324	38,324	38,324	-
Fringe benefits	11,947	11,947	11,808	139
Operating expenditures	<u>10,578</u>	<u>10,578</u>	<u>10,333</u>	<u>245</u>
Total constable # 3	<u>60,849</u>	<u>60,849</u>	<u>60,465</u>	<u>384</u>

(continued)

**COUNTY OF VICTORIA, TEXAS**

**GENERAL FUND**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN**

**FUND BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL**

For the year ended December 31, 2013

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts Budgetary Basis</u>	<u>Variance Positive (Negative)</u>
<b>EXPENDITURES (continued)</b>				
Current (continued)				
Public safety (continued)				
Constable # 4				
Salaries	\$ 38,036	\$ 38,036	\$ 38,036	\$ -
Fringe benefits	12,634	12,634	11,287	1,347
Operating expenditures	10,578	15,279	13,588	1,691
Capital outlay	-	5,099	5,099	-
Total constable # 4	<u>61,248</u>	<u>71,048</u>	<u>68,010</u>	<u>3,038</u>
Non-departmental				
Other services and charges				
City/County interlocal agreement	<u>1,500,000</u>	<u>1,520,048</u>	<u>1,520,025</u>	<u>23</u>
Total non-departmental	<u>1,500,000</u>	<u>1,520,048</u>	<u>1,520,025</u>	<u>23</u>
Total public safety	<u>15,841,410</u>	<u>16,229,197</u>	<u>15,440,282</u>	<u>788,915</u>
Extension service				
Salaries	163,291	163,291	160,272	3,019
Fringe benefits	31,965	31,965	30,651	1,314
Operating expenditures	28,400	28,400	22,205	6,195
Other services and charges	13,500	13,500	12,817	683
Capital outlay	<u>15,000</u>	<u>39,468</u>	<u>24,467</u>	<u>15,001</u>
Total extension service	<u>252,156</u>	<u>276,624</u>	<u>250,412</u>	<u>26,212</u>
Parks and recreation				
Salaries	34,639	34,639	34,639	-
Fringe benefits	<u>11,220</u>	<u>11,220</u>	<u>11,076</u>	<u>144</u>
Total parks and recreation	<u>45,859</u>	<u>45,859</u>	<u>45,715</u>	<u>144</u>
Total culture and recreation	<u>298,015</u>	<u>322,483</u>	<u>296,127</u>	<u>26,356</u>
Public health				
Emergency mgmt. / Flood plain				
Salaries	19,891	6,900	-	6,900
Fringe benefits	6,118	6,118	-	6,118
Operating expenditures	<u>2,685</u>	<u>2,685</u>	<u>172</u>	<u>2,513</u>
Total flood plain management	<u>28,694</u>	<u>15,703</u>	<u>172</u>	<u>15,531</u>
Total public health	<u>28,694</u>	<u>15,703</u>	<u>172</u>	<u>15,531</u>
<b>Total expenditures</b>	<u>32,406,346</u>	<u>33,428,101</u>	<u>32,093,281</u>	<u>1,334,820</u>
Excess (deficiency) of revenues over expenditures	<u>1,616,747</u>	<u>1,636,951</u>	<u>3,824,815</u>	<u>2,187,864</u>

(continued)

**COUNTY OF VICTORIA, TEXAS****GENERAL FUND****SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN****FUND BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL***For the year ended December 31, 2013*

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	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts Budgetary Basis</u>	<u>Variance Positive (Negative)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Sale of assets	\$ 20,000	\$ 20,000	\$ 12,061	\$ (7,939)
Transfers in	50,000	59,395	44,395	(15,000)
Transfers out	<u>(1,707,847)</u>	<u>(1,737,446)</u>	<u>(1,480,790)</u>	<u>256,656</u>
<b>Total other financing sources (uses)</b>	<u>(1,637,847)</u>	<u>(1,658,051)</u>	<u>(1,424,334)</u>	<u>233,717</u>
Change in fund balance	(21,100)	(21,100)	2,400,481	2,421,581
Fund balance, January 1	<u>10,993,920</u>	<u>10,993,920</u>	<u>10,993,920</u>	<u>-</u>
<b>Fund balance, December 31</b>	<u>\$ 10,972,820</u>	<u>\$ 10,972,820</u>	<u>\$ 13,394,401</u>	<u>\$ 2,421,581</u>

(concluded)

**NONMAJOR SPECIAL REVENUE FUNDS**

**COUNTY OF VICTORIA, TEXAS****NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS****ROAD AND BRIDGE PRECINCT NO. 1****SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -****BUDGET AND ACTUAL - STATUTORY BASIS**

For the year ended December 31, 2013

	Final Budget	Actual Amounts Budgetary Basis	Budget to Statutory Differences Over (Under)	Actual Amounts Statutory Basis
<b>REVENUES</b>				
Taxes				
Current taxes	\$ 733,963	\$ 743,293	\$ -	\$ 743,293
Delinquent taxes	12,000	13,891	(12)	13,903
Penalty and interest	7,000	7,318	(4)	7,322
Intergovernmental				
Vehicle license fees	130,000	131,548	-	131,548
Additional license fees	204,000	236,902	3,265	233,637
Permits	18,500	38,777	-	38,777
Investment income				
Interest	3,000	3,545	-	3,545
Miscellaneous	36,232	23,596	-	23,596
<b>Total revenues</b>	<u>1,144,695</u>	<u>1,198,870</u>	<u>3,249</u>	<u>1,195,621</u>
<b>EXPENDITURES</b>				
Current				
Highways and streets				
Salaries	502,147	493,279	(4,844)	498,123
Fringe benefits	158,660	142,779	(1,432)	144,211
Operating expenditures	473,547	435,315	4,416	430,899
Other services and charges	271	271	-	271
Capital outlay	62,493	62,492	-	62,492
<b>Total expenditures</b>	<u>1,197,118</u>	<u>1,134,136</u>	<u>(1,860)</u>	<u>1,135,996</u>
Excess (deficiency) of revenues over expenditures	<u>(52,423)</u>	<u>64,734</u>	<u>5,109</u>	<u>59,625</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Sale of assets	100	682	-	682
Transfers in	25,323	33,263	-	33,263
<b>Total other financing sources (uses)</b>	<u>25,423</u>	<u>33,945</u>	<u>-</u>	<u>33,945</u>
Change in fund balance	(27,000)	98,679	5,109	93,570
Fund balance, January 1	318,397	318,397	83,377	235,020
<b>Fund balance, December 31</b>	<u>\$ 291,397</u>	<u>\$ 417,076</u>	<u>\$ 88,486</u>	<u>\$ 328,590</u>

**Explanation of differences:**

The County budgets on the cash basis of accounting. Therefore, under the budgetary basis, revenues are recognized as collected and expenditures when paid.

**COUNTY OF VICTORIA, TEXAS****NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS****ROAD AND BRIDGE PRECINCT NO. 2****SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -****BUDGET AND ACTUAL - STATUTORY BASIS**

For the year ended December 31, 2013

	Final Budget	Actual Amounts Budgetary Basis	Budget to Statutory Differences Over (Under)	Actual Amounts Statutory Basis
<b>REVENUES</b>				
Taxes				
Current taxes	\$ 690,789	\$ 699,570	\$ -	\$ 699,570
Delinquent taxes	10,000	13,075	(11)	13,086
Penalty and interest	6,000	6,889	(3)	6,892
Intergovernmental				
Vehicle license fees	130,000	131,548	-	131,548
Additional license fees	200,000	222,923	3,265	219,658
Permits	18,500	38,777	-	38,777
Investment income				
Interest	4,000	5,387	-	5,387
Miscellaneous	100	15,573	-	15,573
<b>Total revenues</b>	<u>1,059,389</u>	<u>1,133,742</u>	<u>3,251</u>	<u>1,130,491</u>
<b>EXPENDITURES</b>				
Current				
Highways and streets				
Salaries	408,896	370,717	(4,876)	375,593
Fringe benefits	125,500	104,670	(1,757)	106,427
Operating expenditures	470,584	390,321	(5,388)	395,709
Other services and charges	24,300	2,686	(399)	3,085
Capital outlay	27,600	21,113	-	21,113
<b>Total expenditures</b>	<u>1,056,880</u>	<u>889,507</u>	<u>(12,420)</u>	<u>901,927</u>
Excess (deficiency) of revenues over expenditures	<u>2,509</u>	<u>244,235</u>	<u>15,671</u>	<u>228,564</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Sale of assets	100	548	-	548
Transfers in	2,200	9,672	-	9,672
Transfers out	(2,609)	(2,609)	-	(2,609)
<b>Total other financing sources (uses)</b>	<u>(309)</u>	<u>7,611</u>	<u>-</u>	<u>7,611</u>
Change in fund balance	2,200	251,846	15,671	236,175
Fund balance, January 1	<u>669,490</u>	<u>669,490</u>	<u>173,790</u>	<u>495,700</u>
<b>Fund balance, December 31</b>	<u>\$ 671,690</u>	<u>\$ 921,336</u>	<u>\$ 189,461</u>	<u>\$ 731,875</u>

**Explanation of differences:**

The County budgets on the cash basis of accounting. Therefore, under the budgetary basis, revenues are recognized as collected and expenditures when paid.

**COUNTY OF VICTORIA, TEXAS****NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS****ROAD AND BRIDGE PRECINCT NO. 3****SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -****BUDGET AND ACTUAL - STATUTORY BASIS**

For the year ended December 31, 2013

	Final Budget	Actual Amounts Budgetary Basis	Budget to Statutory Differences Over (Under)	Actual Amounts Statutory Basis
<b>REVENUES</b>				
Taxes				
Current taxes	\$ 676,397	\$ 684,996	\$ -	\$ 684,996
Delinquent taxes	10,000	12,802	(12)	12,814
Penalty and interest	5,400	6,745	(3)	6,748
Intergovernmental				
Vehicle license fees	130,000	131,548	-	131,548
Additional license fees	195,000	218,278	3,009	215,269
Permits	18,500	38,778	-	38,778
Investment income				
Interest	5,500	6,534	-	6,534
Miscellaneous	32,100	40,309	(836)	41,145
<b>Total revenues</b>	<u>1,072,897</u>	<u>1,139,990</u>	<u>2,158</u>	<u>1,137,832</u>
<b>EXPENDITURES</b>				
Current				
Highways and streets				
Salaries	505,517	452,643	(693)	453,336
Fringe benefits	170,094	142,904	(280)	143,184
Operating expenditures	357,877	318,680	14,619	304,061
Other services and charges	1,900	306	-	306
Capital outlay	60,000	59,928	-	59,928
<b>Total expenditures</b>	<u>1,095,388</u>	<u>974,461</u>	<u>13,646</u>	<u>960,815</u>
Excess (deficiency) of revenues over expenditures	<u>(22,491)</u>	<u>165,529</u>	<u>(11,488)</u>	<u>177,017</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Sale of assets	25,100	53,755	-	53,755
Transfers in	-	7,317	-	7,317
Transfers out	(2,609)	(2,609)	-	(2,609)
<b>Total other financing sources (uses)</b>	<u>22,491</u>	<u>58,463</u>	<u>-</u>	<u>58,463</u>
Change in fund balance	-	223,992	(11,488)	235,480
Fund balance, January 1	<u>871,275</u>	<u>871,275</u>	<u>85,512</u>	<u>785,763</u>
<b>Fund balance, December 31</b>	<u>\$ 871,275</u>	<u>\$ 1,095,267</u>	<u>\$ 74,024</u>	<u>\$ 1,021,243</u>

**Explanation of differences:**

The County budgets on the cash basis of accounting. Therefore, under the budgetary basis, revenues are recognized as collected and expenditures when paid.



**COUNTY OF VICTORIA, TEXAS****NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS****ROAD AND BRIDGE PRECINCT NO. 4****SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -****BUDGET AND ACTUAL - STATUTORY BASIS**

For the year ended December 31, 2013

	Final Budget	Actual Amounts Budgetary Basis	Budget to Statutory Differences Over (Under)	Actual Amounts Statutory Basis
<b>REVENUES</b>				
Taxes				
Current taxes	\$ 777,137	\$ 787,016	\$ -	\$ 787,016
Delinquent taxes	12,000	14,708	(13)	14,721
Penalty and interest	7,200	7,748	(3)	7,751
Intergovernmental				
Vehicle license fees	130,000	131,548	-	131,548
Additional license fees	225,000	250,790	3,457	247,333
Permits	18,500	38,777	-	38,777
Investment income				
Interest	3,000	4,318	-	4,318
Miscellaneous	97,220	95,254	330	94,924
<b>Total revenues</b>	<u>1,270,057</u>	<u>1,330,159</u>	<u>3,771</u>	<u>1,326,388</u>
<b>EXPENDITURES</b>				
Current				
Highways and streets				
Salaries	454,747	452,210	(3,560)	455,770
Fringe benefits	139,689	134,546	(1,326)	135,872
Operating expenditures	723,169	551,860	(5,495)	557,355
Other services and charges	10,334	7,770	-	7,770
Capital outlay	326,779	325,253	-	325,253
Debt service	68,340	68,340	-	68,340
<b>Total expenditures</b>	<u>1,723,058</u>	<u>1,539,979</u>	<u>(10,381)</u>	<u>1,550,360</u>
Excess (deficiency) of revenues over expenditures	<u>(453,001)</u>	<u>(209,820)</u>	<u>14,152</u>	<u>(223,972)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Sale of assets	12,200	12,224	-	12,224
Capital lease proceeds	234,660	235,085	-	235,085
Transfers in	-	8,406	-	8,406
Transfers out	(2,609)	(2,609)	-	(2,609)
<b>Total other financing sources (uses)</b>	<u>244,251</u>	<u>253,106</u>	<u>-</u>	<u>253,106</u>
Change in fund balance	(208,750)	43,286	14,152	29,134
Fund balance, January 1	<u>588,290</u>	<u>588,290</u>	<u>231,431</u>	<u>356,859</u>
<b>Fund balance, December 31</b>	<u>\$ 379,540</u>	<u>\$ 631,576</u>	<u>\$ 245,583</u>	<u>\$ 385,993</u>

**Explanation of differences:**

The County budgets on the cash basis of accounting. Therefore, under the budgetary basis, revenues are recognized as collected and expenditures when paid.



**NONMAJOR DEBT SERVICE FUND**

The Debt Service Fund is used to account for and report financial resources that are restricted, committed or assigned to expenditure for general government debt principal and interest.

**COUNTY OF VICTORIA, TEXAS**  
**NONMAJOR GOVERNMENTAL FUND**  
**DEBT SERVICE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
For the year ended December 31, 2013

	Final Budget	Actual Amounts Budgetary Basis	Budget to Statutory Differences Over (Under)	Actual Amounts Statutory Basis
<b>REVENUES</b>				
Taxes				
Current taxes	\$ 1,541,509	\$ 1,559,984	\$ -	\$ 1,559,984
Delinquent taxes	35,000	29,470	30	29,440
Penalty and interest	16,500	15,474	9	15,465
Investment income				
Interest	3,000	2,720	-	2,720
<b>Total revenues</b>	<u>1,596,009</u>	<u>1,607,648</u>	<u>39</u>	<u>1,607,609</u>
<b>EXPENDITURES</b>				
Debt service				
Principal retirement	1,300,000	1,300,000	-	1,300,000
Interest and fiscal charges	344,450	343,950	-	343,950
<b>Total expenditures</b>	<u>1,644,450</u>	<u>1,643,950</u>	<u>-</u>	<u>1,643,950</u>
Excess (deficiency) of revenues over expenditures	<u>(48,441)</u>	<u>(36,302)</u>	<u>39</u>	<u>(36,341)</u>
<b>OTHER FINANCING SOURCES (USES)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in fund balance	(48,441)	(36,302)	39	(36,341)
Fund balance, January 1	<u>336,680</u>	<u>336,680</u>	<u>(27,458)</u>	<u>364,138</u>
<b>Fund balance, December 31</b>	<u>\$ 288,239</u>	<u>\$ 300,378</u>	<u>\$ (27,419)</u>	<u>\$ 327,797</u>

**Explanation of differences:**

The County budgets on the cash basis of accounting. Therefore, under the budgetary basis, revenues are recognized as collected and expenditures when paid.

## AGENCY FUNDS

Agency Funds are used to account for the monies received and disbursed by the County in the capacity of trustee, custodian, or agent for individuals or other entities.

**County Clerk-Trusts Fund** - Accounts for monies held by the County Clerk in trust for various minors of the County of Victoria.

**Criminal District Attorney Fund** - Accounts for the merchants' portion of collections made on "hot" checks.

**District Clerk-Trusts Fund** - Accounts for monies held by the District Clerk in trust for various minors of the County of Victoria.

**Clerk's Special Fund** - Accounts for the collection and disbursement of excess fees collected by both the County and District Clerks.

**Jail Inmate Trust Fund** - Accounts for monies that are held for the benefit of and use by inmates in the County Jail.

**Sheriff Special Fund** - Records out-of-county cash bonds and various fines and fees collected by the Sheriff's department. These funds are remitted to the State and other entities as appropriate.

**State Fees Fund** - Accounts for statutory additions to various fines collected by the County. These fees are transferred to the State and the General Fund of the County on a periodic basis.

**Justice of the Peace Special Fund** - Records the disposition of cash bonds and miscellaneous overpayments. These funds are disbursed according to court orders.

**Tax Assessor-Collector Fund** - Accounts for the collection of ad valorem taxes, various vehicle taxes, and sales taxes by the County Tax Assessor-Collector. These monies are remitted to other various County funds and the State as collected.

**Juvenile Restitution Fund** - Records the receipt and disbursement of monies collected from juvenile offenders and paid to owners of damaged property.

**Special Services Fund** - Records confiscated drug monies prior to their being awarded, by action of the court, to various individuals and/or County departments.

**Juvenile Inmate Trust Fund** - Accounts for monies that are held for the benefit of and use by inmates in the County Juvenile Detention facility.

**CDA State Judiciary Fund** - Accounts for funds received from the State Comptroller's Office to provide financial assistance to district attorneys for office expenses, supplies, and personnel.

**COUNTY OF VICTORIA, TEXAS****AGENCY FUNDS****COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**

For the year ended December 31, 2013

	<u>Balance at Beginning of Year</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at End of Year</u>
<b>COUNTY CLERK-TRUSTS</b>				
<b>ASSETS</b>				
Cash and cash equivalents	<u>\$ 720,846</u>	<u>\$ 172,509</u>	<u>\$ 165,884</u>	<u>\$ 727,471</u>
<b>LIABILITIES</b>				
Accounts payable	<u>\$ 720,846</u>	<u>\$ 172,509</u>	<u>\$ 165,884</u>	<u>\$ 727,471</u>
<b>CRIMINAL DISTRICT ATTORNEY</b>				
<b>ASSETS</b>				
Cash and cash equivalents	<u>\$ 43,396</u>	<u>\$ 413,651</u>	<u>\$ 434,186</u>	<u>\$ 22,861</u>
<b>LIABILITIES</b>				
Accounts payable	<u>\$ 43,396</u>	<u>\$ 413,651</u>	<u>\$ 434,186</u>	<u>\$ 22,861</u>
<b>DISTRICT CLERK-TRUSTS</b>				
<b>ASSETS</b>				
Cash and cash equivalents	<u>\$ 2,037,910</u>	<u>\$ 2,420,601</u>	<u>\$ 2,156,961</u>	<u>\$ 2,301,550</u>
<b>LIABILITIES</b>				
Accounts payable	<u>\$ 2,037,910</u>	<u>\$ 2,420,601</u>	<u>\$ 2,156,961</u>	<u>\$ 2,301,550</u>
<b>CLERK'S SPECIAL</b>				
<b>ASSETS</b>				
Cash and cash equivalents	<u>\$ -</u>	<u>\$ 12,752</u>	<u>\$ 12,467</u>	<u>\$ 285</u>
<b>LIABILITIES</b>				
Accounts payable	<u>\$ -</u>	<u>\$ 12,752</u>	<u>\$ 12,467</u>	<u>\$ 285</u>
<b>JAIL INMATE TRUST FUND</b>				
<b>ASSETS</b>				
Cash and cash equivalents	<u>\$ 88,601</u>	<u>\$ 837,277</u>	<u>\$ 867,343</u>	<u>\$ 58,535</u>
<b>LIABILITIES</b>				
Accounts payable	<u>\$ 88,601</u>	<u>\$ 837,277</u>	<u>\$ 867,343</u>	<u>\$ 58,535</u>
<b>SHERIFF SPECIAL</b>				
<b>ASSETS</b>				
Cash and cash equivalents	<u>\$ 4,900</u>	<u>\$ 539,876</u>	<u>\$ 521,676</u>	<u>\$ 23,100</u>
<b>LIABILITIES</b>				
Accounts payable	<u>\$ 4,900</u>	<u>\$ 539,876</u>	<u>\$ 521,676</u>	<u>\$ 23,100</u>

(continued)

**COUNTY OF VICTORIA, TEXAS**

**AGENCY FUNDS**

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**

For the year ended December 31, 2013

	Balance at Beginning of Year	Additions	Deletions	Balance at End of Year
<b>STATE FEES</b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 163,487	\$ 826,935	\$ 795,368	\$ 195,054
Other receivables	3,234	5,824	3,234	5,824
<b>Total assets</b>	<u>\$ 166,721</u>	<u>\$ 832,759</u>	<u>\$ 798,602</u>	<u>\$ 200,878</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 166,721	\$ 832,759	\$ 798,602	\$ 200,878
<b>JUSTICE OF THE PEACE-SPECIAL</b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 896	\$ 870	\$ 1,766	\$ -
<b>LIABILITIES</b>				
Accounts payable	\$ 896	\$ 870	\$ 1,766	\$ -
<b>TAX ASSESSOR-COLLECTOR</b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 8,263,177	\$ 169,469,066	\$ 169,995,307	\$ 7,736,936
Other receivables	84,872	86,876	84,872	86,876
<b>Total assets</b>	<u>\$ 8,348,049</u>	<u>\$ 169,555,942</u>	<u>\$ 170,080,179</u>	<u>\$ 7,823,812</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 9,909	\$ 161,750,612	\$ 161,742,039	18,482
Due to other governments	8,338,140	7,805,330	8,338,140	7,805,330
<b>Total liabilities</b>	<u>\$ 8,348,049</u>	<u>\$ 169,555,942</u>	<u>\$ 170,080,179</u>	<u>\$ 7,823,812</u>
<b>JUVENILE RESTITUTION</b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 83	\$ 1,177	\$ 1,176	\$ 84
<b>LIABILITIES</b>				
Accounts payable	\$ 83	\$ 1,177	\$ 1,176	\$ 84
<b>SPECIAL SERVICES</b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 170,794	\$ 520,798	\$ 576,762	\$ 114,830
Seized assets	92,500	105,742	150,142	48,100
<b>Total assets</b>	<u>\$ 263,294</u>	<u>\$ 626,540</u>	<u>\$ 726,904</u>	<u>\$ 162,930</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 263,294	\$ 626,540	\$ 726,904	\$ 162,930

(continued)

**COUNTY OF VICTORIA, TEXAS****AGENCY FUNDS****COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**

For the year ended December 31, 2013

	Balance at Beginning of Year	Additions	Deletions	Balance at End of Year
<b>JUVENILE INMATE TRUST FUND</b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 504	\$ 3,728	\$ 3,992	\$ 240
<b>LIABILITIES</b>				
Accounts payable	\$ 504	\$ 3,728	\$ 3,992	\$ 240
<b>CDA STATE JUDICIARY FUND</b>				
<b>ASSETS</b>				
Due from other governments	\$ 1,956	\$ 3,249	\$ 1,956	\$ 3,249
<b>LIABILITIES</b>				
Accounts payable	\$ 1,956	\$ 3,249	\$ 1,956	\$ 3,249
<b>TOTALS - ALL AGENCY FUNDS</b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 11,494,595	\$ 175,219,240	\$ 175,532,888	\$ 11,180,947
Other receivables	88,106	92,700	88,106	92,700
Due from other governments	1,956	3,249	1,956	3,249
Seized assets	92,500	105,742	150,142	48,100
<b>Total assets</b>	<b>\$ 11,677,157</b>	<b>\$ 175,420,931</b>	<b>\$ 175,773,092</b>	<b>\$ 11,324,996</b>
<b>LIABILITIES</b>				
Accounts payable	\$ 3,339,017	\$ 167,615,601	\$ 167,434,952	\$ 3,519,666
Due to other governments	8,338,140	7,805,330	8,338,140	7,805,330
<b>Total liabilities</b>	<b>\$ 11,677,157</b>	<b>\$ 175,420,931</b>	<b>\$ 175,773,092</b>	<b>\$ 11,324,996</b>

(concluded)



## STATISTICAL SECTION

This part of the County's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the County's overall financial health.

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<b>Financial Trends</b>	
These schedules contain trend information to help the reader understand how the County's financial performance and well-being have changed over time .....	129
<b>Revenue Capacity</b>	
These schedules contain information to help the reader assess the factors affecting the County's ability to generate its property tax and sales tax revenues.....	140
<b>Debt Capacity</b>	
These schedules present information to help the reader assess the affordability of the County's current levels of outstanding debt and the County's ability to issue additional debt in the future .....	153
<b>Demographic and Economic Information</b>	
These schedules offer demographic and economic indicators to help the reader understand the environment within which the County's financial activities take place and to help make comparisons over time and with other governments .....	158
<b>Operating Information</b>	
These schedules contain information about the County's operations and resources to help the reader understand how the County's financial information relates to the services the County provides and the activities it performs .....	160

**COUNTY OF VICTORIA, TEXAS**  
**NET POSITION BY COMPONENT (1)**  
*Last ten fiscal years*

	Fiscal Year			
	2004	2005	2006	2007
<b>Governmental activities</b>				
Net investment in capital assets	\$ 12,559,708	\$ 14,019,641	\$ 13,930,982	\$ 14,451,437
Restricted	357,245	727,782	713,370	354,100
Unrestricted	8,764,650	10,092,763	13,929,933	17,001,719
<b>Total governmental activities net position</b>	<b>\$ 21,681,603</b>	<b>\$ 24,840,186</b>	<b>\$ 28,574,285</b>	<b>\$ 31,807,256</b>
<b>Business-type activities</b>				
Net investment in capital assets	\$ 7,020,823	\$ 8,662,029	\$ 9,540,853	\$ 9,881,812
Unrestricted	294,558	(15,726)	(127,521)	56,927
<b>Total business-type activities net position</b>	<b>\$ 7,315,381</b>	<b>\$ 8,646,303</b>	<b>\$ 9,413,332</b>	<b>\$ 9,938,739</b>
<b>Primary Government</b>				
Net investment in capital assets	\$ 19,580,531	\$ 22,681,670	\$ 23,471,835	\$ 24,333,249
Restricted	357,245	727,782	713,370	354,100
Unrestricted	9,059,208	10,077,037	13,802,412	17,058,646
<b>Total primary government activities net position</b>	<b>\$ 28,996,984</b>	<b>\$ 33,486,489</b>	<b>\$ 37,987,617</b>	<b>\$ 41,745,995</b>

(1) Accrual basis of accounting

NOTE: Beginning with fiscal year 2008, the County followed the Statutory Basis of Accounting. Prior years are prepared in accordance with GAAP.

Fiscal Year					
2008	2009	2010	2011	2012	2013
\$ 16,490,648	\$ 18,800,745	\$ 13,801,455	\$ 16,692,542	\$ 17,634,287	\$ 19,331,396
484,274	479,495	478,249	688,673	1,735,505	1,911,393
<u>12,797,072</u>	<u>8,952,624</u>	<u>10,419,290</u>	<u>10,692,960</u>	<u>13,988,896</u>	<u>16,544,281</u>
<u>\$ 29,771,994</u>	<u>\$ 28,232,864</u>	<u>\$ 24,698,994</u>	<u>\$ 28,074,175</u>	<u>\$ 33,358,688</u>	<u>\$ 37,787,070</u>
\$ 9,991,881	\$ 10,069,793	\$ 9,572,959	\$ 9,245,449	\$ 8,841,867	\$ 8,625,363
155,922	155,866	48,710	(208,163)	(527,598)	(1,247,508)
<u>\$ 10,147,803</u>	<u>\$ 10,225,659</u>	<u>\$ 9,621,669</u>	<u>\$ 9,037,286</u>	<u>\$ 8,314,269</u>	<u>\$ 7,377,855</u>
\$ 26,482,529	\$ 28,870,538	\$ 23,374,414	\$ 25,937,991	\$ 26,476,154	\$ 27,956,759
484,274	479,495	478,249	688,673	1,735,505	1,911,393
<u>12,952,994</u>	<u>9,108,490</u>	<u>10,468,000</u>	<u>10,484,797</u>	<u>13,651,402</u>	<u>15,296,773</u>
<u>\$ 39,919,797</u>	<u>\$ 38,458,523</u>	<u>\$ 34,320,663</u>	<u>\$ 37,111,461</u>	<u>\$ 41,863,061</u>	<u>\$ 45,164,925</u>

**COUNTY OF VICTORIA, TEXAS**  
**CHANGES IN NET POSITION (1)**  
*Last ten fiscal years*

	Fiscal Year			
	2004	2005	2006	2007
<b>Governmental activities</b>				
Expenses				
General government	\$ 13,237,845	\$ 14,149,101	\$ 14,575,456	\$ 15,640,516
Public safety	9,333,043	9,929,954	10,942,218	11,518,191
Streets and highways	3,255,108	4,232,306	4,244,523	3,804,550
Culture and recreation	1,195,419	1,293,663	1,340,356	1,504,003
Public health	3,584,444	3,653,066	3,860,870	4,157,317
Interest on long-term debt	446,612	430,889	390,875	398,919
<b>Total expenses</b>	<b>31,052,471</b>	<b>33,688,979</b>	<b>35,354,298</b>	<b>37,023,496</b>
Program revenues				
Charges for services				
General government	4,933,859	4,589,676	5,295,474	5,123,021
Public safety	3,818,691	3,401,404	3,493,283	2,303,680
Streets and highways	1,695,264	1,750,489	1,744,465	1,771,764
Public health	530,418	375,485	444,626	648,392
Operating grants and contributions	3,280,496	3,227,144	3,410,606	3,868,765
Capital grants and contributions	509,910	695,671	7,584	61,764
<b>Total program revenues</b>	<b>14,768,638</b>	<b>14,039,869</b>	<b>14,396,038</b>	<b>13,777,386</b>
<b>Total governmental activities net program (expense) revenue</b>	<b>(16,283,833)</b>	<b>(19,649,110)</b>	<b>(20,958,260)</b>	<b>(23,246,110)</b>
General revenues and other changes in net position				
Taxes				
Property taxes	14,234,749	15,180,030	15,637,488	16,774,618
Sales taxes	5,608,969	6,005,658	7,153,556	7,371,870
Other taxes	204,454	215,784	216,996	228,363
Grants and contributions not restricted to specific programs	112,354	124,118	232,154	328,962
Unrestricted investment earnings	273,807	585,776	1,029,000	1,215,536
Gain (loss) on disposition of capital assets	81,271	235,488	84,566	-
Miscellaneous	743,036	463,016	365,664	410,217
Transfers	(238,457)	(130,000)	(130,000)	(648,126)
Special item - interlocal commitment	-	-	-	-
<b>Total general revenues and other changes in net position</b>	<b>21,020,183</b>	<b>22,679,870</b>	<b>24,589,424</b>	<b>25,681,440</b>
<b>Total governmental activities change in net position</b>	<b>\$ 4,736,350</b>	<b>\$ 3,030,760</b>	<b>\$ 3,631,164</b>	<b>\$ 2,435,330</b>

Fiscal Year					
2008	2009	2010	2011	2012	2013
\$ 19,234,562	\$ 17,845,546	\$ 16,605,275	\$ 15,620,851	\$ 17,725,415	\$ 17,741,218
14,741,608	15,751,805	19,400,560	15,289,156	16,249,363	19,116,258
4,400,102	4,220,057	4,606,913	4,435,115	4,196,422	4,368,635
465,943	462,762	356,884	257,880	301,527	295,945
4,294,718	4,319,623	4,222,958	3,650,720	3,747,650	3,377,214
304,359	239,157	329,593	504,255	352,616	446,849
<u>43,441,292</u>	<u>42,838,950</u>	<u>45,522,183</u>	<u>39,757,977</u>	<u>42,572,993</u>	<u>45,346,119</u>
5,145,235	5,280,919	4,986,776	4,639,764	5,709,483	5,733,156
2,457,863	2,066,881	1,967,771	2,216,737	2,263,926	2,254,543
1,739,696	1,586,389	1,454,744	1,506,282	1,600,498	1,597,198
668,449	828,916	806,273	843,562	712,155	533,399
4,782,081	4,159,006	4,892,681	4,894,311	4,461,065	5,183,741
-	769,421	376,900	951,625	697,792	228,422
<u>14,793,324</u>	<u>14,691,532</u>	<u>14,485,145</u>	<u>15,052,281</u>	<u>15,444,919</u>	<u>15,530,459</u>
(28,647,968)	(28,147,418)	(31,037,038)	(24,705,696)	(27,128,074)	(29,815,660)
17,808,933	19,199,929	19,632,861	19,323,241	20,738,029	21,984,214
7,813,529	6,620,902	7,523,254	10,028,625	10,984,845	10,815,601
210,783	223,178	215,614	224,920	235,893	251,853
365,459	200,591	53,401	352,549	139,310	252,374
507,091	166,674	101,623	119,708	114,897	132,066
-	-	-	-	-	-
379,770	606,628	416,368	636,498	388,862	807,934
(472,859)	(409,614)	(439,953)	(11,113)	-	-
-	-	-	(2,616,446)	-	-
<u>26,612,706</u>	<u>26,608,288</u>	<u>27,503,168</u>	<u>28,057,982</u>	<u>32,601,836</u>	<u>34,244,042</u>
\$ <u>(2,035,262)</u>	\$ <u>(1,539,130)</u>	\$ <u>(3,533,870)</u>	\$ <u>3,352,286</u>	\$ <u>5,473,762</u>	\$ <u>4,428,382</u>

(continued)

**COUNTY OF VICTORIA, TEXAS**  
**CHANGES IN NET POSITION (1)**  
*Last ten fiscal years*

	Fiscal Year			
	2004	2005	2006	2007
<b>Business-type activities</b>				
Expenses				
Airport	\$ 2,328,426	\$ 2,301,212	\$ 2,603,568	\$ 2,874,801
Navarro Project	466,392	481,568	512,537	576,777
Commisary	80,541	73,431	103,240	104,128
<b>Total expenses</b>	<u>2,875,359</u>	<u>2,856,211</u>	<u>3,219,345</u>	<u>3,555,706</u>
Program revenues				
Charges for services				
Airport	1,507,081	1,559,650	1,634,860	1,685,134
Navarro Project	535,960	535,960	543,917	547,157
Commisary	91,400	81,269	88,106	90,917
Operating grants and contributions	-	-	80,000	7,494
Capital grants and contributions	1,323,954	1,773,311	1,483,028	1,080,710
<b>Total program revenues</b>	<u>3,458,395</u>	<u>3,950,190</u>	<u>3,829,911</u>	<u>3,411,412</u>
<b>Total business-type activities net program (expense) revenue</b>	583,036	1,093,979	610,566	(144,294)
General revenues and other changes in net position				
Unrestricted investment earnings	13,983	23,499	28,702	17,659
Gain (loss) on disposition of capital assets	-	-	(2,239)	-
Miscellaneous	1,347	-	-	3,916
Transfers	238,457	130,000	130,000	648,126
<b>Total general revenues and other changes in net position</b>	<u>253,787</u>	<u>153,499</u>	<u>156,463</u>	<u>669,701</u>
<b>Total business-type activities change in net position</b>	<u>\$ 836,823</u>	<u>\$ 1,247,478</u>	<u>\$ 767,029</u>	<u>\$ 525,407</u>
<b>Total primary government change in net position</b>	<u>\$ 5,573,173</u>	<u>\$ 4,278,238</u>	<u>\$ 4,398,193</u>	<u>\$ 2,960,737</u>

(1) Accrual basis of accounting

NOTE: Beginning with fiscal year 2008, the County followed the Statutory Basis of Accounting. Prior years are prepared in accordance with GAAP.

Fiscal Year					
2008	2009	2010	2011	2012	2013
\$ 3,678,423	\$ 2,950,244	\$ 3,503,128	\$ 3,737,407	\$ 3,822,529	\$ 3,806,501
583,104	608,712	583,222	579,775	617,933	694,360
117,250	92,737	95,089	101,378	143,356	120,418
<u>4,378,777</u>	<u>3,651,693</u>	<u>4,181,439</u>	<u>4,418,560</u>	<u>4,583,818</u>	<u>4,621,279</u>
2,604,426	1,860,584	2,324,719	2,932,268	3,009,756	2,879,260
512,461	528,143	538,088	544,203	545,557	551,150
94,666	98,235	88,605	152,934	156,172	149,222
27,152	6,522	-	42,190	33,694	95,859
865,997	825,097	185,325	148,968	142,087	8,950
<u>4,104,702</u>	<u>3,318,581</u>	<u>3,136,737</u>	<u>3,820,563</u>	<u>3,887,266</u>	<u>3,684,441</u>
(274,075)	(333,112)	(1,044,702)	(597,997)	(696,552)	(936,838)
10,280	1,354	759	417	385	424
-	-	-	-	-	-
-	-	-	-	-	-
<u>472,859</u>	<u>409,614</u>	<u>439,953</u>	<u>11,113</u>	<u>-</u>	<u>-</u>
483,139	410,968	440,712	11,530	385	424
<u>\$ 209,064</u>	<u>\$ 77,856</u>	<u>\$ (603,990)</u>	<u>\$ (586,467)</u>	<u>\$ (696,167)</u>	<u>\$ (936,414)</u>
<u>\$ (1,826,198)</u>	<u>\$ (1,461,274)</u>	<u>\$ (4,137,860)</u>	<u>\$ 2,765,819</u>	<u>\$ 4,777,595</u>	<u>\$ 3,491,968</u>

**COUNTY OF VICTORIA, TEXAS**  
**FUND BALANCES, GOVERNMENTAL FUNDS (1)**  
*Last ten fiscal years*

	Fiscal Year			
	2004	2005	2006	2007
<b>General Fund</b>				
Nonspendable				
Advance to other funds	\$ -	\$ -	\$ -	\$ -
Unassigned	-	-	-	-
Reserved				
Advances	297,670	362,219	362,219	211,766
Adult Probation	33,999	24,513	26,882	15,767
Prepaid items	-	-	275,913	8,794
Unreserved	<u>5,641,834</u>	<u>8,139,621</u>	<u>11,273,877</u>	<u>12,267,877</u>
<b>Total general fund</b>	<u>\$ 5,973,503</u>	<u>\$ 8,526,353</u>	<u>\$ 11,938,891</u>	<u>\$ 12,504,204</u>
<b>All Other Governmental Funds</b>				
Restricted				
Various capital projects	\$ -	\$ -	\$ -	\$ -
Road & bridge	-	-	-	-
Juvenile probation services	-	-	-	-
County/District Clerks	-	-	-	-
Public safety	-	-	-	-
Public health	-	-	-	-
Courthouse security	-	-	-	-
Retirement of long-term debt	-	-	-	-
Various government costs	-	-	-	-
Unassigned				
Unreserved, reported in				
Special revenue funds	3,246,520	2,460,438	2,303,054	2,992,795
Capital project funds	678,986	304,760	-	-
Debt service funds	<u>212,187</u>	<u>252,772</u>	<u>126,807</u>	<u>117,545</u>
<b>Total all other governmental funds</b>	<u>\$ 4,137,693</u>	<u>\$ 3,017,970</u>	<u>\$ 2,429,861</u>	<u>\$ 3,110,340</u>

(1) Modified accrual basis of accounting

NOTES: Beginning with fiscal year 2008, the County followed the Statutory Basis of Accounting. Prior years are prepared in accordance with GAAP.

The County implemented GASB Statement No.54 "Fund Balance Reporting and Governmental Fund Type Definitions" in fiscal year 2011



Fiscal Year					
2008	2009	2010	2011	2012	2013
\$ -	\$ -	\$ -	\$ 544,545	\$ 626,131	\$ 1,326,036
-	-	-	8,663,446	11,665,011	13,182,983
120,690	50,848	110,132	-	-	-
17,149	8,675	10,959	-	-	-
-	-	-	-	-	-
8,230,983	3,965,140	5,375,150	-	-	-
<u>\$ 8,368,822</u>	<u>\$ 4,024,663</u>	<u>\$ 5,496,241</u>	<u>\$ 9,207,991</u>	<u>\$12,291,142</u>	<u>\$14,509,019</u>
\$ -	\$ -	\$ -	\$ 284,958	\$ -	\$ -
-	-	-	1,445,816	1,873,342	2,467,701
-	-	-	64,638	77,290	23,356
-	-	-	94,637	96,009	132,837
-	-	-	405,272	890,226	1,065,973
-	-	-	51,866	131,961	219,820
-	-	-	41,832	49,861	64,808
-	-	-	459,542	364,138	327,797
-	-	-	106,673	121,785	64,145
-	-	-	(494,655)	(2,363)	(5,054)
2,671,741	2,686,483	2,320,819	-	-	-
-	-	867,511	-	-	-
204,365	272,958	427,767	-	-	-
<u>\$ 2,876,106</u>	<u>\$ 2,959,441</u>	<u>\$ 3,616,097</u>	<u>\$ 2,460,579</u>	<u>\$ 3,602,249</u>	<u>\$ 4,361,383</u>

**COUNTY OF VICTORIA, TEXAS**

**CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS (1)**

Last ten fiscal years

	Fiscal Year			
	2004	2005	2006	2007
<b>Revenues</b>				
Taxes	\$ 19,855,785	\$ 21,232,178	\$ 23,030,801	\$ 24,218,139
Fees of office and user fees	2,595,533	2,472,287	2,820,340	2,867,161
Intergovernmental	10,035,336	9,830,274	9,432,658	8,985,485
Fines and forfeitures	1,403,048	1,463,626	1,589,568	1,742,243
Investment income	272,257	585,742	1,028,984	1,213,768
Licenses and permits	36,451	33,524	37,074	33,967
Contributions	36,466	16,085	13,389	11,510
Miscellaneous	1,167,551	867,932	811,325	882,228
<b>Total revenues</b>	<b>35,402,427</b>	<b>36,501,648</b>	<b>38,764,139</b>	<b>39,954,501</b>
<b>Expenditures</b>				
<b>Current</b>				
General government	13,277,443	14,278,131	14,921,068	15,770,505
Public safety	8,963,262	9,283,373	10,682,752	11,406,589
Highways and streets	3,808,439	4,337,766	4,327,674	4,048,835
Culture and recreation	1,157,450	1,241,058	1,298,407	1,460,636
Public health	3,489,244	3,712,723	3,903,367	4,152,679
Capital outlay	542,487	643,352	155,250	94,590
<b>Debt service</b>				
Principal retirement	1,160,000	1,225,000	1,265,000	1,300,000
Interest and fiscal charges	440,642	417,093	377,923	337,967
Bond issue costs	-	-	-	-
<b>Total expenditures</b>	<b>32,838,967</b>	<b>35,138,496</b>	<b>36,931,441</b>	<b>38,571,801</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>2,563,460</b>	<b>1,363,152</b>	<b>1,832,698</b>	<b>1,382,700</b>
<b>Other financing sources (uses)</b>				
Payment to escrow	-	-	-	-
Capital lease proceeds	139,923	-	1,493,422	446,095
Capital lease refinancing proceeds	2,351,458	-	-	-
Capital lease refinancing payments	(2,272,716)	-	-	-
Sales of assets	392,955	303,975	103,309	65,123
Transfers in	1,967,450	2,091,364	1,976,294	2,260,283
Transfers out	(2,205,907)	(2,325,364)	(2,581,294)	(2,908,409)
Debt Issued	-	-	-	-
Premium on issuance of bonds	-	-	-	-
Discount on issuance of bonds	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>373,163</b>	<b>69,975</b>	<b>991,731</b>	<b>(136,908)</b>
<b>Change in fund balances</b>	<b>\$ 2,936,623</b>	<b>\$ 1,433,127</b>	<b>\$ 2,824,429</b>	<b>\$ 1,245,792</b>
<b>Debt service as a percentage of noncapital expenditures</b>	<b>5.14%</b>	<b>4.88%</b>	<b>4.67%</b>	<b>4.46%</b>

(1) Modified accrual basis of accounting

NOTE: Beginning with fiscal year 2008, the County followed the Statutory Basis of Accounting. Prior years are prepared in accordance with GAAP.

		Fiscal Year									
		2008	2009	2010	2011	2012	2013				
\$	25,882,890	\$	26,161,569	\$	27,320,324	\$	29,991,355	\$	31,798,763	\$	33,045,330
	2,755,103		2,978,655		2,832,777		2,790,150		2,920,101		3,131,284
	10,490,501		8,954,716		9,307,493		10,179,382		9,591,479		10,316,613
	1,422,624		1,415,132		1,346,014		1,532,844		2,013,009		1,689,188
	507,091		166,674		101,623		117,724		112,268		131,320
	38,501		53,966		45,907		53,464		43,709		63,155
	25,565		5,350		1,568		301,344		93,459		203,984
	843,912		876,511		812,004		1,043,917		1,137,283		941,132
	<u>41,966,187</u>		<u>40,612,573</u>		<u>41,767,710</u>		<u>46,010,180</u>		<u>47,710,071</u>		<u>49,522,006</u>
	19,430,296		17,629,258		16,423,517		15,685,961		17,145,686		18,394,052
	14,020,458		15,306,966		19,620,535		15,657,442		16,258,277		18,357,375
	4,713,221		4,228,163		4,450,977		4,764,971		4,164,237		4,590,343
	418,550		389,558		287,088		216,113		247,849		295,557
	4,294,492		4,289,732		4,231,648		3,597,910		3,690,149		3,349,696
	734,192		175,844		754,460		2,296,901		342,427		228,422
	1,360,000		1,405,000		840,000		1,115,000		1,275,000		1,300,000
	293,390		244,250		149,083		524,982		369,700		343,950
	-		-		226,361		-		-		-
	<u>45,264,599</u>		<u>43,668,771</u>		<u>46,983,669</u>		<u>43,859,280</u>		<u>43,493,325</u>		<u>46,859,395</u>
	(3,298,412)		(3,056,198)		(5,215,959)		2,150,900		4,216,746		2,662,611
	-		-		(3,871,647)		-		-		-
	105,324		282,872		-		197,699		-		235,085
	-		-		-		-		-		-
	-		-		-		-		-		-
	46,331		122,116		28,044		207,633		88,609		79,315
	1,960,363		2,437,560		4,663,724		1,711,506		1,789,111		1,607,146
	(3,183,222)		(4,047,174)		(6,069,165)		(1,711,506)		(1,789,111)		(1,607,146)
	-		-		12,330,000		-		-		-
	-		-		312,734		-		-		-
	-		-		(49,497)		-		-		-
	<u>(1,071,204)</u>		<u>(1,204,626)</u>		<u>7,344,193</u>		<u>405,332</u>		<u>88,609</u>		<u>314,400</u>
\$	<u>(4,369,616)</u>	\$	<u>(4,260,824)</u>	\$	<u>2,128,234</u>	\$	<u>2,556,232</u>	\$	<u>4,305,355</u>	\$	<u>2,977,011</u>
	<u>3.81%</u>		<u>3.88%</u>		<u>2.25%</u>		<u>4.13%</u>		<u>3.97%</u>		<u>3.74%</u>

**COUNTY OF VICTORIA, TEXAS****TAX REVENUES BY SOURCE, GOVERNMENTAL FUNDS (1)***Last ten fiscal years*

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<u>Fiscal Year</u>	<u>Ad Valorem</u>	<u>Penalty and Interest</u>	<u>Sales</u>	<u>Total</u>
2004	\$ 14,103,669	\$ 143,147	\$ 5,546,861	\$ 19,793,677
2005	15,099,157	199,308	6,005,659	21,304,124
2006	15,676,262	200,983	7,153,556	23,030,801
2007	16,671,552	174,717	7,371,870	24,218,139
2008	17,862,422	206,939	7,813,529	25,882,890
2009	19,291,055	249,612	6,620,902	26,161,569
2010	19,557,729	239,340	7,523,254	27,320,323
2011	19,724,908	237,820	10,028,625	29,991,353
2012	20,596,342	217,575	10,984,845	31,798,762
2013	22,010,672	219,058	10,815,601	33,045,331
Change 2004-2013	56.06%	53.03%	94.99%	66.95%

(1) Fiscal year 2005 through 2013 revenues are reported on the modified accrual basis of accounting. Fiscal year 2004 is reported on the budgetary (cash) basis of accounting.

NOTE: Property tax rates have remained stable because of growth in property tax values and the addition of new construction values.

**COUNTY OF VICTORIA, TEXAS**

**ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY**

*Last ten fiscal years*

Fiscal Year	Tax Roll	Real Property			Personal Property	
		Residential Property	Commercial and Industrial Property	Rural-Underdeveloped Property	Business	Other
2004	2003	\$ 1,670,101,235	\$ 1,285,202,470	\$ 320,599,730	\$ 938,958,351	\$ 92,863,880
2005	2004	1,782,811,934	1,237,970,296	335,934,884	1,035,824,147	132,133,780
2006	2005	1,905,321,796	1,209,303,582	337,207,302	1,156,136,179	158,759,680
2007	2006	2,140,430,476	1,216,832,909	749,798,431	1,170,881,088	233,718,540
2008	2007	2,362,393,502	1,270,200,090	779,593,229	1,318,729,750	172,605,020
2009	2008	2,524,604,662	1,397,333,856	775,855,861	1,426,409,672	186,276,940
2010	2009	2,672,374,133	1,409,893,204	773,445,972	1,382,528,650	156,172,610
2011	2010	2,722,543,268	1,409,410,407	984,885,239	1,367,910,416	140,697,690
2012	2011	2,752,838,752	1,438,589,864	969,349,009	1,495,456,938	97,841,460
2013	2012	2,846,628,023	1,590,038,450	997,344,339	1,786,396,314	120,169,040

(1) Values on property for maintenance and operation and interest and sinking taxes. Property exemptions differ from those allowed on road and bridge taxes.

NOTE: Property in the County is reassessed annually. The County assesses property at 100 percent of actual taxable value for all types of real and personal property. Tax rates are per \$100 of assessed value.

SOURCE: Victoria County Tax Assessor/Collector

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<u>Less: Tax Exempt Real Property</u>	<u>Total Taxable Assessed Value</u>	<u>Total Direct Tax Rate</u>	<u>Estimated Actual Taxable Value</u>	<u>Assessed Value (1) as a Percentage of Actual Value</u>
\$ 754,830,546	\$ 3,552,895,120	\$ 0.3536	\$ 3,552,895,120	100.00%
812,709,653	3,711,965,388	0.3536	3,711,965,388	100.00%
806,522,045	3,960,206,494	0.3486	3,960,206,494	100.00%
1,261,388,725	4,250,272,719	0.3436	4,250,272,719	100.00%
1,313,651,006	4,589,870,585	0.3436	4,589,870,585	100.00%
1,301,579,120	5,008,901,871	0.3436	5,008,901,871	100.00%
1,338,712,521	5,055,702,048	0.3436	5,055,702,048	100.00%
1,561,725,565	5,063,721,455	0.3436	5,063,721,455	100.00%
1,493,386,391	5,260,689,632	0.3436	5,260,689,632	100.00%
1,648,335,879	5,692,240,287	0.3436	5,692,240,287	100.00%

**COUNTY OF VICTORIA, TEXAS****ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY***Last ten fiscal years*

Fiscal Year	Tax Roll	Real Property			Personal Property	
		Residential Property	Commercial and Industrial Property	Rural-Underdeveloped Property	Business	Other
2004	2003	\$ 1,670,101,235	\$ 1,285,202,470	\$ 320,599,730	\$ 938,958,351	\$ 92,863,880
2005	2004	1,782,811,934	1,237,970,296	335,934,884	1,035,824,147	132,133,780
2006	2005	1,905,321,796	1,209,303,582	337,207,302	1,156,136,179	158,759,680
2007	2006	2,140,430,476	1,216,832,909	749,798,431	1,170,881,088	233,718,540
2008	2007	2,362,393,502	1,270,200,090	779,593,229	1,318,729,750	172,605,020
2009	2008	2,524,604,662	1,397,333,856	775,855,861	1,426,409,672	186,276,940
2010	2009	2,672,374,133	1,409,893,204	773,445,972	1,382,528,650	156,172,610
2011	2010	2,722,543,268	1,409,410,407	984,885,239	1,367,910,416	140,697,690
2012	2011	2,752,838,752	1,438,589,864	969,349,009	1,495,456,938	97,841,460
2013	2012	2,846,628,023	1,590,038,450	997,344,339	1,786,396,314	120,169,040

(1) Values on property for road and bridges taxes.  
Property exemptions differ from those allowed on maintenance and operation and interest and sinking taxes.

NOTE: Property in the County is reassessed annually. The County assesses property at 100 percent of actual taxable value for all types of real and personal property. Tax rates are per \$100 of assessed value.

SOURCE: Victoria County Tax Assessor/Collector

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<u>Less: Tax Exempt Real Property</u>	<u>Total Taxable Assessed Value</u>	<u>Total Direct Tax Rate</u>	<u>Estimated Actual Taxable Value</u>	<u>Assessed Value (1) as a Percentage of Actual Value</u>
\$ 868,888,776	\$ 3,438,836,890	\$ 0.0450	\$ 3,438,836,890	100.00%
926,295,902	3,598,379,139	0.0450	3,598,379,139	100.00%
924,708,177	3,842,020,362	0.0500	3,842,020,362	100.00%
1,379,896,539	4,131,764,905	0.0550	4,131,764,905	100.00%
1,437,997,578	4,465,524,013	0.0550	4,465,524,013	100.00%
1,431,114,690	4,879,366,301	0.0550	4,879,366,301	100.00%
1,469,496,100	4,924,918,469	0.0550	4,924,918,469	100.00%
1,685,999,800	4,939,447,220	0.0550	4,939,447,220	100.00%
1,615,648,723	5,138,427,300	0.0550	5,138,427,300	100.00%
1,768,247,625	5,572,328,541	0.0550	5,572,328,541	100.00%



**COUNTY OF VICTORIA, TEXAS**  
**DIRECT AND OVERLAPPING PROPERTY TAX RATES**  
**PER \$100 OF ASSESSED VALUE**  
*Last ten fiscal years*

Fiscal Year	County Direct Rates				Overlapping Rates				
	Debt Service	General Fund	Road & Bridge Fund	Total	City of Victoria	Navigation District	Victoria Junior College	Victoria I.S.D.	Bloomington I.S.D.
2004	\$ 0.0461	\$ 0.3075	\$ 0.0450	\$ 0.3986	\$ 0.7000	\$ 0.0402	\$ 0.1491	\$ 1.5535	\$ 1.6672
2005	0.0435	0.3101	0.0450	0.3986	0.6900	0.0386	0.1461	1.5535	1.6433
2006	0.0368	0.3118	0.0500	0.3986	0.6900	0.0369	0.1416	1.5535	1.6433
2007	0.0379	0.3057	0.0550	0.3986	0.6900	0.0335	0.1416	1.4285	1.4913
2008	0.0380	0.3056	0.0550	0.3986	0.6750	0.0317	0.1445	1.2337	1.2101
2009	0.0349	0.3087	0.0550	0.3986	0.6500	0.0314	0.1445	1.3094	1.2101
2010	0.0228	0.3208	0.0550	0.3986	0.6450	0.0306	0.1534	1.3227	1.5150
2011	0.0328	0.3108	0.0550	0.3986	0.6500	0.0304	0.1531	1.3226	1.5150
2012	0.0295	0.3141	0.0550	0.3986	0.6450	0.0296	0.1606	1.3226	1.5150
2013	0.0287	0.3149	0.0550	0.3986	0.6056	0.0285	0.1606	1.3090	1.5150

SOURCE: Victoria County Appraisal District

Overlapping Rates

Industrial I.S.D.	Nursery I.S.D.	McFaddin I.S.D.	W.C.I.D #1	W.C.I.D #2	V.C.D.D. #2	V.C.D.D. #3	Ground Water District	Quail Creek M.U.D.	Total
\$ 1.8485	\$ 0.8998	\$ 1.5000	\$ 0.6146	\$ 1.0187	\$ 0.1241	\$ 0.0500	\$ -	\$ 0.1937	\$ 10.3594
1.7361	1.0250	1.4500	0.6162	0.9911	0.1247	0.0477	-	0.1896	10.2519
1.5893	1.3700	1.4600	0.4947	0.9016	0.1240	0.0460	-	0.1840	10.2349
1.3600	1.2540	1.4395	0.4687	0.9391	0.1120	0.0461	0.0100	0.1777	9.5920
1.3234	1.1565	1.1875	0.6772	0.8757	0.1131	0.0427	0.0100	0.1749	8.8560
1.3770	1.1055	1.1650	0.7246	1.0529	0.1116	0.0398	0.0100	0.1768	9.1086
1.3725	1.1055	1.1725	0.7246	1.1000	0.1180	0.0382	0.00995	0.1768	9.4848
1.3433	1.1000	1.1575	0.7246	1.1051	0.1180	0.0381	0.00946	0.1844	9.4515
1.3119	1.1000	1.1750	0.7394	1.0621	0.1226	0.0360	0.00915	0.1800	9.4090
1.2610	1.1000	1.1470	0.7394	1.0700	0.1174	0.0337	0.00915	0.1800	9.2764



**COUNTY OF VICTORIA, TEXAS**  
**PRINCIPAL PROPERTY TAXPAYERS**  
*Current Year and Nine Years Ago*

2013		
Taxpayer	Taxable Assessed Valuation	Percentage of Total County Taxable Assessed Valuation
Invista S A R L	\$ 200,906,590	3.94%
South Texas Electric Coop Inc	86,896,290	1.70%
Pioneer Natural Resources	58,453,700	1.15%
E I Dupont De Nemours	42,014,840	0.82%
AEP Texas Central Co	36,881,060	0.72%
Invista S A R L	36,279,400	0.71%
Union Pacific Railroad Co	32,653,690	0.64%
EES Leasing LLC	32,025,900	0.63%
Halliburton Energy Services	31,718,450	0.62%
Stewart & Stevenson MFG Tech	27,729,360	0.54%
	<u>\$ 585,559,280</u>	<u>11.47%</u>

2004		
Taxpayer	Taxable Assessed Valuation	Percentage of Total County Taxable Assessed Valuation
E.I. DuPont De Nemours and Company	\$ 536,525,580	12.46%
AEP Central Power and Light	51,986,940	1.21%
Equistar Chemicals LP	49,275,770	1.14%
Air Liquide America Corp.	35,160,810	0.82%
Southwestern Bell Telephone Company	32,497,160	0.75%
Victoria Retail Properties, LP	26,067,220	0.61%
Carlisle Plastics, Inc	24,734,210	0.57%
Victoria Hospital, LLC	20,021,040	0.47%
Union Gas Operating Co.	16,452,550	0.38%
South Texas Electric Cooperative	10,269,430	0.24%
	<u>\$ 802,990,710</u>	<u>18.65%</u>

SOURCE: Victoria County Tax Assessor/Collector

**COUNTY OF VICTORIA, TEXAS**  
**PROPERTY TAX LEVIES AND COLLECTIONS(1)**  
*Last ten fiscal years*

<u>Fiscal Year</u>	<u>Taxes Levied for the Fiscal Year (Original Levy)</u>	<u>Adjustments</u>	<u>Total Adjusted Levy</u>	<u>Collections within the Fiscal Year of the Levy</u>	
				<u>Amount</u>	<u>Percentage of Levy</u>
2004	\$ 12,565,142	\$ 13,930	\$ 12,579,072	\$ 12,297,626	97.76%
2005	13,128,311	293,542	13,421,853	13,134,288	97.86%
2006	13,807,127	(69,838)	13,737,289	13,471,286	98.06%
2007	14,548,615	(49,062)	14,499,553	14,199,891	97.93%
2008	15,579,099	(40,217)	15,538,882	15,213,071	97.90%
2009	16,908,347	(68,191)	16,840,156	16,440,126	97.62%
2010	17,002,193	(23,580)	16,978,612	16,574,735	97.62%
2011	16,992,274	(8,598)	16,983,676	16,670,742	98.16%
2012	17,727,309	110,888	17,838,197	17,564,074	98.46%
2013	19,201,207	27,357	19,228,564	18,781,169	97.67%

(1) Tax levies and collections on maintenance and operation and interest and sinking only

SOURCE: Victoria County Tax Assessor/Collector

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Collections in Subsequent Years	Total Collections to Date	
	Amount	Percentage of Levy
\$ 249,078	\$ 12,546,704	99.74%
253,595	13,387,883	99.75%
231,654	13,702,940	99.75%
260,753	14,460,644	99.73%
276,069	15,489,140	99.68%
347,730	16,787,856	99.69%
329,266	16,904,000	99.56%
216,875	16,887,617	99.43%
154,542	17,718,615	99.33%
89,508	18,870,677	98.14%

**COUNTY OF VICTORIA, TEXAS**  
**PROPERTY TAX LEVIES AND COLLECTIONS (1)**  
*Last ten fiscal years*

<u>Fiscal Year</u>	<u>Taxes Levied for the Fiscal Year (Original Levy)</u>			<u>Collections within the Fiscal Year of the Levy</u>	
	<u>Adjustments</u>	<u>Total Adjusted Levy</u>	<u>Amount</u>	<u>Percentage of Levy</u>	
2004	\$ 1,547,823	\$ 1,324	\$ 1,549,147	\$ 1,515,798	97.85%
2005	1,619,739	34,839	1,654,578	1,620,549	97.94%
2006	1,921,399	(10,937)	1,910,462	1,875,102	98.15%
2007	2,245,643	(8,130)	2,237,513	2,192,993	98.01%
2008	2,407,502	(9,521)	2,397,981	2,348,887	97.95%
2009	2,619,091	(11,872)	2,607,219	2,549,796	97.80%
2010	2,634,083	(1,743)	2,632,340	2,571,251	97.68%
2011	2,636,862	(1,398)	2,635,464	2,588,470	98.22%
2012	2,756,259	17,860	2,774,119	2,733,005	98.52%
2013	2,994,575	4,709	2,999,284	2,930,182	97.70%

(1) Tax levies and collections on road and bridge only.

SOURCE: Victoria County Tax Assessor/Collector

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Collections in Subsequent Years	Total Collections to Date	
	Amount	Percentage of Levy
\$ 29,322	\$ 1,545,120	99.74%
29,824	1,650,373	99.75%
30,600	1,905,702	99.75%
38,650	2,231,643	99.74%
41,561	2,390,448	99.69%
49,619	2,599,415	99.70%
49,929	2,621,179	99.58%
32,574	2,621,044	99.45%
23,179	2,756,184	99.35%
13,980	2,944,163	98.16%



**COUNTY OF VICTORIA, TEXAS**

**SALES TAX REVENUE**

*Last ten fiscal years*

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<u>Fiscal Year</u>	<u>Collections</u>
2004	\$ 5,546,861
2005	5,883,458
2006	6,918,443
2007	7,179,370
2008	7,584,672
2009	6,664,519
2010	6,975,893
2011	9,179,189
2012	10,662,768
2013	10,127,088

NOTES: Collections reported on the budgetary (cash) basis of accounting

Detailed information related to sales tax collections will be provided in subsequent years

**COUNTY OF VICTORIA, TEXAS****DIRECT AND OVERLAPPING SALES TAX RATES***Last ten fiscal years*

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<u>Fiscal Year</u>	<u>Direct Rate County</u>	<u>Overlapping Rates</u>		<u>Total</u>
		<u>City of Victoria</u>	<u>State of Texas</u>	
2004	0.50%	1.50%	6.25%	8.25%
2005	0.50%	1.50%	6.25%	8.25%
2006	0.50%	1.50%	6.25%	8.25%
2007	0.50%	1.50%	6.25%	8.25%
2008	0.50%	1.50%	6.25%	8.25%
2009	0.50%	1.50%	6.25%	8.25%
2010	0.50%	1.50%	6.25%	8.25%
2011	0.50%	1.50%	6.25%	8.25%
2012	0.50%	1.50%	6.25%	8.25%
2013	0.50%	1.50%	6.25%	8.25%

**NOTES:** Eventhough the total sales tax rate is 8.25%, sales occurring outside the City of Victoria City limits would only be taxed at 6.75% which is the combination of the County and the State of Texas sales tax rates.

Texas counties have the option of imposing an additional local sales tax of 0.5% to 1.5% for a combined total of state and local taxes of 8.25%.

**COUNTY OF VICTORIA, TEXAS**  
**RATIOS OF OUTSTANDING DEBT BY TYPE**  
*Last ten fiscal years*

Fiscal Year	Governmental Activities		Business-type Activities	Total Primary Government	Percentage of Personal Income	Per Capita
	Certificates of Obligation	General Obligation Bonds	Revenue Bonds			
2004	\$ 4,700,000	\$ 6,855,000	\$ 1,305,000	\$ 12,860,000	0.71%	\$ 149.79
2005	4,385,000	5,945,000	1,235,000	11,565,000	0.44%	135.03
2006	4,060,000	5,005,000	1,160,000	10,225,000	0.36%	118.63
2007	3,720,000	4,045,000	1,085,000	8,850,000	0.29%	102.68
2008	3,370,000	3,035,000	1,005,000	7,410,000	0.23%	85.25
2009	3,005,000	1,995,000	920,000	5,920,000	0.18%	68.65
2010	8,895,000	3,830,000	830,000	13,555,000	0.40%	157.18
2011	8,315,000	3,295,000	730,000	12,340,000	0.33%	140.96
2012	7,995,000	2,340,000	625,000	10,960,000	0.28%	122.77
2013	7,670,000	1,365,000	-	9,035,000	N/A	100.36

NOTES: Details regarding the County's outstanding debt can be found in the notes to the financial statements.

N/A denotes information not available

**COUNTY OF VICTORIA, TEXAS****RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING***Last ten fiscal years*

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<u>Fiscal Year</u>	<u>General Obligation Bonds</u>	<u>Debt Service Funds Available</u>	<u>Net Bonded Debt</u>	<u>Ratio of Net Bonded Debt to Assessed Value</u>	<u>Net Bonded Debt Per Capita</u>
2004	\$ 11,555,000	\$ 212,187	\$ 11,342,813	0.26%	\$ 132.12
2005	10,330,000	252,772	10,077,228	0.22%	117.66
2006	9,065,000	126,807	8,938,193	0.19%	103.70
2007	7,765,000	117,545	7,647,455	0.14%	88.73
2008	6,405,000	204,365	6,200,635	0.11%	71.34
2009	5,000,000	272,958	4,727,042	0.07%	54.82
2010	12,725,000	427,767	12,297,233	0.19%	142.60
2011	11,610,000	459,542	11,150,458	0.17%	127.37
2012	10,335,000	364,138	9,970,862	0.15%	111.69
2013	9,035,000	327,797	8,707,203	0.12%	96.72



**COUNTY OF VICTORIA, TEXAS****DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT**

December 31, 2013

	<u>Net Debt Outstanding</u>		<u>Percentage Applicable To County</u>	<u>Amount Applicable To County</u>
	<u>Date</u>	<u>Amount</u>		
Direct Debt:				
County of Victoria	12/31/2013	<u>\$ 8,707,203</u>	100.00%	<u>\$ 8,707,203</u>
Overlapping Debt:				
City of Victoria	9/30/2013	92,532,222	100.00%	92,532,222
Victoria County Navigation District	12/31/2013	15,180,648	100.00%	15,180,648
Victoria Junior College District	8/31/2013	37,032,801	100.00%	37,032,801
Victoria Independent School District	8/31/2013	159,161,827	100.00%	159,161,827
Industrial Independent School District	8/31/2013	2,030,000	25.46%	516,838
Victoria County Water Control and Improvement District #1	6/30/2013	3,200,000	100.00%	3,200,000
Victoria County Water Control and Improvement District #2	9/30/2013	<u>579,347</u>	100.00%	<u>579,347</u>
Total Overlapping Debt		<u>309,716,845</u>		<u>308,203,683</u>
Total		<u>\$ 318,424,048</u>		<u>\$ 316,910,886</u>

SOURCE: County of Victoria, City of Victoria, Victoria Junior College, Victoria Independent School District, Industrial Independent School District, Victoria County Water Control and Improvement District Numbers 1 and 2.

**COUNTY OF VICTORIA, TEXAS**  
**LEGAL DEBT MARGIN INFORMATION**  
*Last ten fiscal years*

	Fiscal Year			
	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Debt limit	\$ 1,076,931,417	\$ 1,131,168,760	\$ 1,191,682,135	\$ 1,377,915,361
Total net debt applicable to limit	<u>11,342,813</u>	<u>10,077,228</u>	<u>8,938,193</u>	<u>7,647,455</u>
Legal debt margin	<u>\$ 1,065,588,604</u>	<u>\$ 1,121,091,532</u>	<u>\$ 1,182,743,942</u>	<u>\$ 1,370,267,906</u>
Total net debt applicable to the limit as a percentage of debt limit	1.05%	0.89%	0.75%	0.56%

Fiscal Year					
2008	2009	2010	2011	2012	2013
\$ 1,475,880,398	1,577,620,248	1,598,603,642	1,656,361,755	1,688,519,006	1,835,144,041
<u>6,200,635</u>	<u>4,727,042</u>	<u>12,297,233</u>	<u>11,150,458</u>	<u>9,970,862</u>	<u>8,707,203</u>
<u>\$ 1,469,679,763</u>	<u>\$ 1,572,893,206</u>	<u>\$ 1,586,306,409</u>	<u>\$ 1,645,211,297</u>	<u>\$ 1,678,548,144</u>	<u>\$ 1,826,436,838</u>
0.42%	0.30%	0.77%	0.67%	0.59%	0.47%

Legal Debt Margin Calculation for Fiscal Year 2013

Assessed value	\$ 7,340,576,166
Debt limit	1,835,144,041
Debt applicable to limit	
General obligation bonds	9,035,000
Less: Debt Service Fund Balance	<u>327,797</u>
Total amount of debt applicable to debt limit	<u>8,707,203</u>
Legal debt margin	<u>\$ 1,826,436,838</u>



**COUNTY OF VICTORIA, TEXAS**  
**DEMOGRAPHIC STATISTICS**  
*Last ten fiscal years*

<u>Fiscal Year</u>	<u>(1) Population</u>	<u>(2) Personal Income (000's)</u>	<u>(2) Per Capita Personal Income</u>	<u>(3) Unemployment Rate</u>
2004	85,853	\$ 1,810,364	\$ 29,399	5.2%
2005	85,648	2,656,877	31,261	5.4%
2006	86,191	2,838,256	33,331	4.1%
2007	86,291	3,026,271	35,121	3.5%
2008	86,916	3,278,989	37,788	3.9%
2009	86,236	3,278,989	37,788	7.1%
2010	86,793	3,349,267	38,151	7.3%
2011	87,545	3,716,460	42,452	6.4%
2012	89,269	3,984,098	44,630	5.5%
2013	90,028	N/A	N/A	5.1%

NOTE: N/A denotes information not available

SOURCE: (1) Texas Association of Counties & Census Bureau  
(2) U.S. Department of Commerce, Bureau of Economic Analysis - Estimates based on Victoria County Area statistical data. Data for 2013 is not yet available.  
(3) Texas Workforce Commission & Economic Research

**COUNTY OF VICTORIA, TEXAS**  
**PRINCIPAL EMPLOYERS**  
*Current Year and Nine Years Ago*

<u>Employer</u>	<u>2013</u>	
	<u>Employees</u>	<u>Percentage of Total Area Employment</u>
The Inteplast Group	2,300	5.04%
Victoria Independent School District	2,200	4.82%
Formosa Plastics	1,800	3.95%
Citizens Medical Center	1,053	2.31%
DeTar Healthcare System	976	2.14%
Alcoa	650	1.42%
City of Victoria	610	1.34%
Invista	600	1.32%
Calhoun Independent School District	582	1.28%
DOW-Seadrift Operations	564	1.24%
	<u>11,335</u>	<u>24.86%</u>

<u>Employer</u>	<u>2004</u>	
	<u>Employees</u>	<u>Percentage of Total Area Employment</u>
Victoria Independent School District	2,200	4.99%
The Inteplast Group	1,500	3.40%
Formosa Plastics	1,500	3.40%
Citizens Medical Center	1,235	2.80%
DeTar Healthcare System	976	2.21%
Koch-Invista	710	1.61%
Dow-Seadrift Operations	660	1.50%
Alcoa	618	1.40%
Calhoun Independent School District	609	1.38%
City of Victoria	592	1.34%
	<u>10,600</u>	<u>24.03%</u>

SOURCE: Victoria Economic Development Corporation

NOTE: Based on Victoria Metropolitan Statistical Area, which includes Victoria, Calhoun, Dewitt, Lavaca, Gonzales, Jackson and Goliad Counties.

**COUNTY OF VICTORIA, TEXAS**

**FULL-TIME-EQUIVALENT COUNTY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM**

Last ten fiscal years

Function/Program	Fiscal Year			
	2004	2005	2006	2007
General government				
County Judge	3	3	3	3
Comissioners' court	1	1	1	1
Records management	-	-	-	1
County clerk	16	16	16	16
Veterans' service officer	1	1	1	1
Heritage director	1	1	1	1
County court at law #1	2	2	2	2
County court at law #2	2	2	2	2
District court	10	10	10	10
District clerk	13	13	14	15
Justice of the peace #1	2	2	2	2
Justice of the peace #2	2	2	2	2
Justice of the peace #3	6	6	5	5
Justice of the peace #4	3	3	3	3
Criminal district attorney	20	20	20	22
Election administrator	3	3	3	3
County auditor	8	8	8	8
County treasurer	6	5	6	5
Tax assessor-collector	15	15	15	15
Administrative services	3	3	4	4
Information technology	5	5	7	7
Building maintenance	8	8	8	8
Juvenile detention facility	58	62	68	68
Public safety				
Fire marshal	2	2	2	2
Sheriff	157	155	176	182
Constable #1	1	1	1	1
Constable #2	1	1	1	1
Constable #3	1	1	1	1
Constable #4	1	1	1	1
Culture and recreation				
Parks and recreation	2	2	2	2
Extension service	7	7	7	7
Public health(includes flood/emg mgmt & health dept)	57	55	56	69
Highways and streets	39	40	40	42
Airport	14	19	19	19
Commissary	1	1	2	2
Navarro Project	1	1	2	3
<b>Total</b>	<b>472</b>	<b>477</b>	<b>511</b>	<b>536</b>

NOTES: A full-time employee is scheduled to work 2,080 hours per year (including paid time off).

Full-time-equivalent employment is calculated by dividing total labor hours by 2,080.

Fiscal year 2009 additions were mainly due to the increase in the patrol officers in the Sheriff's department.

Fiscal Year					
<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
3	3	3	3	3	3
2	1	1	1	1	1
1	2	2	1	2	2
16	16	16	16	16	15
1	1	1	1	1	1
1	1	1	1	1	1
2	2	2	2	2	2
2	2	2	2	2	2
11	11	11	11	11	11
14	16	16	14	14	14
2	3	3	3	3	3
2	3	3	3	3	3
5	5	5	4	4	4
3	3	3	4	4	4
22	23	23	24	25	28
3	3	3	3	3	3
8	8	8	8	8	8
5	5	5	5	5	5
15	16	16	16	16	16
4	4	4	4	4	5
7	7	7	7	7	7
8	11	11	11	10	10
68	68	68	68	66	67
2	6	6	6	7	7
184	194	198	198	198	193
1	1	1	1	1	1
1	1	1	1	1	1
1	1	1	1	1	1
1	1	1	1	1	1
2	2	1	1	1	1
7	7	7	7	6	5
68	69	69	60	57	55
42	43	43	43	43	43
19	15	15	14	14	15
2	2	2	2	2	1
3	3	3	3	3	3
<u>538</u>	<u>559</u>	<u>562</u>	<u>550</u>	<u>546</u>	<u>542</u>

**COUNTY OF VICTORIA, TEXAS**

*OPERATING INDICATORS BY FUNCTION/PROGRAM*

*Last eight fiscal years*

Function/Program	Fiscal Year			
	2006	2007	2008	2009
General government				
County Court				
Criminal cases filed	2,723	2,556	2,092	2,089
Criminal case dispositions	3,057	3,301	2,338	2,214
Civil cases filed	532	578	521	520
Civil case dispositions	442	656	507	688
Juvenile cases filed	235	146	126	144
Juvenile case dispositions	214	176	105	113
District Court				
Criminal cases filed	1,003	848	838	788
Criminal case dispositions	988	916	859	1,001
Civil cases filed	3,170	3,053	3,022	2,558
Civil case dispositions	3,095	3,006	3,186	2,321
Justice of the Peace				
Civil cases filed	750	788	1,217	941
Criminal cases filed	17,420	15,043	11,547	13,169
Elections Administrator				
New registrations	3,592	2,221	4,253	1,542
Elections held	11	2	5	2
County Auditor				
Accounts payable invoices processed	24,099	19,746	18,749	18,607
County Treasurer				
Payroll checks processed	16,963	17,003	18,069	17,630
Tax Assesor-collector				
Automobile registrations	87,569	88,853	86,190	85,729
Public Safety				
Sheriff				
Emergency 911 calls received	4,673	4,667	4,780	4,917
Fire marshal				
Fires	434	143	391	247
Culture and recreation				
Parks and recreation				
Cabana rentals	24	25	22	31
Public health				
Health Department				
Immunizations administered	8,320	13,661	13,967	13,499
Adult/child health screening visits	582	2,571	1,203	1,135
Dental clinic visits	7,910	2,484	2,811	2,597
Enviromental inspections/permits	1,064	2,796	2,895	3,318
Mosquito control trips	176	293	62	76
Animal control calls	3,174	11,824	9,292	9,675
Water laboratory tests	-	-	-	-
Highways and streets				
Road and bridge precincts				
Miles of roads overlaid	30	15	20	21

NOTES: Information for Water Laboratory Tests replaced Dental Clinic Visits FYE2013  
County did not own Dental Clinic as of 1/1/2013

N/A denotes information not available

Fiscal Year				
2010	2011	2012	2013	
2,017	1,972	2,162	2,267	
2,333	1,974	2,038	2,220	
455	491	412	449	
581	498	416	382	
102	109	86	67	
101	120	107	79	
822	954	1,075	859	
899	896	1,059	896	
2,600	3,836	2,851	3,103	
1,726	3,583	3,211	3,035	
1,080	1,131	1,256	1,293	
10,510	8,704	8,384	8,074	
2,273	1,784	8,340	2,554	
4	2	4	3	
18,291	17,707	17,932	17,444	
18,030	16,777	17,584	16,737	
86,812	89,937	94,698	97,353	
N/A	6,531	6,153	3,019	
72	38	13	12	
19	27	19	27	
12,625	8,424	7,853	7,461	
891	875	1,214	1,089	
3,151	2,041	1,179	-	
2,378	3,530	4,908	3,342	
271	3	5	24	
8,085	8,030	8,263	7,952	
-	-	-	4,780	
15	19	20	15	

**COUNTY OF VICTORIA, TEXAS****CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM**

Last ten fiscal years

Function/Program	Fiscal Year			
	2004	2005	2006	2007
<b>General government</b>				
Buildings	8	8	9	9
Parking lots	3	3	3	3
<b>Public safety</b>				
Sheriff				
Jail	1	1	1	1
Patrol units	57	51	53	58
Fire Marshal				
Stations	1	1	1	1
Fire trucks	3	3	4	5
<b>Highways and streets</b>				
Roads (miles)	590.75	590.75	596.13	595.49
Bridges	90	90	90	90
Landfills	3	2	2	2
<b>Culture and recreation</b>				
Lake (acreage)	95	95	95	95
Boat ramps	2	2	2	2
Extension Office	1	1	1	1
4 H Activity Center	1	1	1	1
<b>Public Health</b>				
Animal Shelter	1	1	1	1
<b>Airport</b>				
T-Hanger	6	6	6	6
Terminal	1	1	1	1
<b>Navarro Lease Project</b>				
Building	1	1	1	1

SOURCES: Various County Departments

Texas Department of Transportation

Fiscal Year						
2008	2009	2010	2011	2012	2013	
9 3	8 3	8 3	8 3	8 3	8 3	9 3
1 61	1 68	1 74	1 76	1 89	1 89	1 95
1 4	1 4	1 7	1 7	1 7	1 7	1 7
595.49 90 2	599.18 90 3	600.26 90 3	600.26 90 3	600.26 90 3	600.26 90 3	604.62 90 3
95 2 1 1	95 2 1 1	95 2 1 1	95 2 1 1	95 2 1 1	95 2 1 1	95 2 1 1
1	1	1	1	1	1	1
6 1	6 1	6 1	6 1	6 1	6 1	6 1
1	1	1	1	1	1	1







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**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL  
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER  
MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING  
STANDARDS***

The Honorable County Judge and Members  
of the Commissioners' Court  
County of Victoria, Texas

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the statutory basis financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of County of Victoria, Texas (the "County") as of and for the year ended December 31, 2013, which collectively comprise the County's basic financial statements and have issued our report thereon dated June 25, 2014. Our report includes a reference to other auditors who audited the financial statements of the Citizens Medical Center and the Victoria County Child Welfare Board, as described in our report on the County's financial statements. The financial statements were not audited in accordance with *Government Auditing Standards*.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is reasonable possibility that a material misstatement of the consolidated financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The Honorable County Judge and Members  
of the Commissioners' Court  
County of Victoria, Texas

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the County's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Harrison, Waldrop & Uherek, LLP*

HARRISON, WALDROP & UHEREK, L.L.P.  
Certified Public Accountants

June 25, 2014



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**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

The Honorable County Judge and Members  
of the Commissioners' Court  
County of Victoria, Texas

Report on Compliance for Each Major Federal Program

We have audited the County of Victoria, Texas' (the "County") compliance with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* and the *State of Texas Single Audit Circular* that could have a direct and material effect on each of the County's major federal and state programs for the year ended December 31, 2013. The County's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal and state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the County's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the *State of Texas Single Audit Circular*. Those standards, the OMB Circular A-133, and the State of Texas Single Audit Circular require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal and state program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion for each major federal and state program. However, our audit does not provide a legal determination of the County's compliance.

Opinion on Each Major Federal and State Program

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended December 31, 2013.

The Honorable County Judge and Members  
of the Commissioners' Court  
County of Victoria, Texas

Report on Internal Control Over Compliance

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal and state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal and state program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal or state program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal or state program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal or state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

*Harrison, Waldrop & Uherek, LLP*

HARRISON, WALDROP & UHEREK, L.L.P.  
Certified Public Accountants

June 25, 2014

**COUNTY OF VICTORIA, TEXAS**

**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**

For the year ended December 31, 2013

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Agency or Pass-through Number	Expenditures
<b>FEDERAL EXPENDITURES</b>			
<b>U. S. Department of Transportation</b>			
<i>Passed Through the Texas Department of Transportation</i>			
Occupant Protection-STEP-Click It or Ticket	20.600	2013-VictoriaCoSo-CIOT-00026	\$ 756
Total U.S. Department of Transportation			<u>756</u>
<b>U. S. Department of Homeland Security</b>			
<i>Passed Through the Transportation Security Administration</i>			
Airport Law Enforcement Personnel Program	97.090	HSTS0213HSLR723	12,015
Airport Law Enforcement Personnel Program	97.090	HSTS0213HSLR723	<u>36,195</u>
Total Transportation Security Administration			<u>48,210</u>
<i>Passed Through the Governor's Division of Emergency Management</i>			
Operation Stonegarden	97.067	2010-SS-TO-0008	153,039
Operation Stonegarden	97.067	2011-SS-0019	194,082
Hazard Mitigation Grant	97.039	FEMA-1780-038-DR	1,086
Hazard Mitigation Grant	97.039	FEMA-1780-046-DR	5,503
Hazard Mitigation Grant	97.039	FEMA-1791-316-DR	1,551,345
Emergency Management Performance Grant	97.042	13TX-EMPG-0605	<u>42,933</u>
Total Governor's Division of Emergency Management			<u>1,947,988</u>
Total U.S. Department of Homeland Security			<u>1,996,198</u>
<b>U. S. Department of Justice</b>			
Bulletproof Vest Partnership Program	16.607	N/A	3,171
Southwest Border Prosecution Initiative Program	16.755	441235235	<u>1,997</u>
			<u>5,168</u>
<i>Passed Through the Office of Governor of Texas, Criminal Justice Division</i>			
Edward Byrne Memorial Justice Assistance Grant	16.738	2010DJBX0092	1,637
Edward Byrne Memorial Justice Assistance Grant	16.738	2011DJBX3181	18,462
Edward Byrne Memorial Justice Assistance Grant	16.738	2012DJBX0298	15,810
Victims Coordinator Liason Grant	16.575	1333293	25,974
Victims Coordinator Liason Grant	16.575	1442771	20,192
Victims Coordinator Liason Grant	16.575	1333301	23,425
Victims Coordinator Liason Grant	16.575	1442789	<u>17,584</u>
Total Office of Governor of Texas, Criminal Justice Division			<u>123,084</u>
Total U.S. Department of Justice			<u>128,252</u>

(continued)

**COUNTY OF VICTORIA, TEXAS****SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**

For the year ended December 31, 2013

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Agency or Pass-through Number</u>	<u>Expenditures</u>
<b>FEDERAL EXPENDITURES - (Continued)</b>			
<b>U. S. Department of Agriculture</b>			
<i>Passed Through Texas Department of State Health Services</i>			
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	2013-042720	\$ 576,494
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	2014-0450966	<u>198,654</u>
Total Texas Department of State Health Services			<u>775,148</u>
<i>Passed Through Texas Department of Health and Human Services Commission</i>			
School Breakfast Program	10.553	75-8802	27,995
National School Lunch Program	10.555	75-8802	52,535
Non-Cash Assistance (Commodities)	10.555	N/A	<u>3,945</u>
Total Texas Department of Health and Human Services Commission			<u>84,475</u>
Total U.S. Department of Agriculture			<u>859,623</u>
<b>U. S. Department of Health and Human Services</b>			
<i>Passed Through Texas Department of State Health Services</i>			
Bioterrorism Preparedness	93.074	2013-041444	83,367
Bioterrorism Preparedness	93.069	2014-001086	31,343
Immunization Grant	93.268	2013-041444	127,507
Immunization Grant	93.268	2013-001048	<u>60,655</u>
Total Texas Department of State Health Services			<u>302,872</u>
<i>Passed Through Alamo Area Development Corporation</i>			
Ryan White Part B - State Services 2012-2013	93.917	N/A	52,056
Ryan White Part B - State Services 2013-2014	93.917	N/A	18,991
Ryan White Part B - Service Delivery 2012-2013	93.917	N/A	156,995
Ryan White Part B - Service Delivery 2013-2014	93.917	N/A	<u>55,513</u>
Total Alamo Area Development Corporation			<u>283,555</u>
<i>Passed Through Texas Department of Family and Protective Services</i>			
Title IV-E Legal Services	93.658	23940843	<u>32,913</u>
Total U.S. Department of Health and Human Services			<u>619,340</u>

(continued)

**COUNTY OF VICTORIA, TEXAS**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
For the year ended December 31, 2013

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Agency or Pass-through Number	Expenditures
<b>FEDERAL EXPENDITURES - (Continued)</b>			
<b>U. S. Department of Housing and Urban Development</b>			
<i>Passed Through Texas Department of Rural Affairs</i>			
Texas Community Development Block Grant Program	14.228	711499	<u>\$ 81,197</u>
Total Texas Department of Rural Affairs			<u>81,197</u>
<i>Passed Through Texas Department of Health in Bexar County</i>			
HOPWA 2012	14.241	2012 VCCHD	4,670
HOPWA 2013-2014	14.241	2013/2014 VCCHD	<u>57,173</u>
Total Texas Department of Health in Bexar County			<u>61,843</u>
Total U.S. Department of Housing and Urban Development			<u>143,040</u>
<b>U. S. General Services Administration</b>			
<i>Passed Through Texas Facilities Commission</i>			
Donation of Federal Surplus Personal Property	39.003	15490	<u>237</u>
Total U.S. General Services Administration			<u>237</u>
<b>TOTAL FEDERAL EXPENDITURES</b>			<u>3,747,446</u>
<b>STATE EXPENDITURES</b>			
<b>Texas Department of State Health Services</b>			
RLSS/LPHS	93.991	2013-041444	113,680
RLSS/LPHS	93.991	2014-001083-00	51,261
Influenza-Like Illness Surveillance Network	N/A	2012-40421-001	5,525
EXEC/PPH Potentially Preventable Hospitalizations Initiative	N/A	2012-040277-001A	41,406
EXEC/PPH Potentially Preventable Hospitalizations Initiative	N/A	2014-001249-00	<u>10,804</u>
Total Texas Department of State Health Services			<u>222,676</u>
<b>Texas Juvenile Justice Department</b>			
State Aid	N/A	TJPC-A-2013-235	410,394
State Aid	N/A	TJPC-A-2014-235	275,775
Commitment Reduction Program	N/A	TJPC-C-2013-235	88,443
Commitment Reduction Program	N/A	TJPC-C-2014-235	65,795
Mental Health	N/A	TJPC-N-2014-235	<u>38,814</u>
Total Texas Juvenile Justice Department			<u>879,221</u>
<b>Office of the Attorney General of Texas</b>			
Texas Vine Grant	N/A	1446491	<u>16,500</u>

(continued)



**COUNTY OF VICTORIA, TEXAS****SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**

For the year ended December 31, 2013

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Agency or Pass-through Number</u>	<u>Expenditures</u>
<b>STATE EXPENDITURES - (Continued)</b>			
<b>Office of the Governor of Texas, Criminal Justice Division</b>			
Gang Taskforce Initiative Project Grant	N/A	CO-11-A10-27375-01	\$ 2,318
Victoria County Gang Prevention and Intervention Program	N/A	CG-10-J20-26025-01	<u>25,225</u>
Total Office of the Governor of Texas, Criminal Justice Division			<u>27,543</u>
<b>Texas Department of Public Safety</b>			
<i>Passed Through the Governor's Division of Emergency Management</i>			
Local Border Security Program	N/A	LBSP-12-0025	<u>86,547</u>
<b>Texas Department of Transportation</b>			
Airport Project Participation	N/A	1113VICTO	6,750
Routine Airport Maintenance Program	N/A	M213VICTO	45,930
Routine Airport Maintenance Program	N/A	M1413VICT	<u>8,873</u>
Total Texas Department of Transportation			<u>61,553</u>
<b>Texas Task Force on Indigent Defense</b>			
Indigent Defense	N/A	N/A	<u>80,117</u>
<b>TOTAL STATE EXPENDITURES</b>			<u>1,374,157</u>
<b>TOTAL FEDERAL AND STATE EXPENDITURES</b>			<u>\$ 5,121,603</u>

See accompanying notes to schedule of expenditures of federal and state awards.

**COUNTY OF VICTORIA, TEXAS****NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**

For the year ended December 31, 2013

**NOTE 1: BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal and state awards includes the federal and state grant activity of the County and is presented on a statutory basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the financial statements.

**NOTE 2: SUBRECIPIENTS**

Of the federal and state expenditures presented in the Schedule of Expenditures of Federal and State Awards, the County provided federal and state awards to subrecipients as follows:

<u>Program Title</u>	<u>Pass Through Grantor's Number</u>	<u>Federal CFDA Number</u>	<u>Amount Provided to Subrecipients</u>
<b>Federal Awards</b>			
Texas Community Development Block Grant	711499	14.228	\$ 81,197
Hazard Mitigation Grant	FEMA-1791-316-DR	97.039	<u>1,551,345</u>
Total Federal Awards			<u>1,632,542</u>
<b>State Awards</b>			
EXEC/PPH Potentially Preventable Hospitalizations	2012-040277-001A		41,406
EXEC/PPH Potentially Preventable Hospitalizations	2014-001249-00		<u>10,804</u>
Total State Awards			<u>52,210</u>
Total Federal And State Awards Provided to Subrecipients			<u>\$ 1,684,752</u>

**COUNTY OF VICTORIA, TEXAS**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
*For the year ended December 31, 2013*

**Section I - Summary of Auditors' Results**

*Financial Statements*

Type of auditors' report issued: Adverse (GAAP Basis); Unqualified (Statutory Basis)

Internal control over financial reporting:

- Material weakness(es) identified?  yes  no
- Significant deficiency(ies) identified that is/are not considered to be material weakness(es)?  yes  none reported

Noncompliance material to financial statements noted?

yes  no

*Federal Awards*

Internal control over major programs:

- Material weakness(es) identified?  yes  no
- Significant deficiency(ies) identified that is/are not considered to be material weakness(es)?  yes  none reported

Type of auditors' report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133?

yes  no

Identification of major programs:

<i>CFDA Number(s)</i>	<i>Name of Federal Program or Cluster</i>
97.039	Hazard Mitigation Grant
N/A	Texas Juvenile Justice Department-2013-235/2014-235

Dollar threshold used to distinguish between type A and type B programs: \$300,000

Auditee qualified as low-risk auditee?  yes  no

**Section II - Financial Statement Findings**

None noted.

**Section III - Federal Award Findings and Questioned Costs**

None noted.

**COUNTY OF VICTORIA, TEXAS**  
*SCHEDULE OF PRIOR AUDIT FINDINGS*  
*For the year ended December 31, 2013*

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None were reported.

